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Kohl Plans to Urge U.S. Flexibility on East-West Trade

By William Drozdiak

Washington Post Service
BONN — The government of Chancellor Helmut Kohl is deeply concerned by President Ronald Reagan's apparent intention to press for new curbs in East-West trade at the Williamsburg summit and will seek to change his mind when Mr. Kohl pays a one-day working visit to Washington next week.

Chancellor and Foreign Ministry officials said Friday that they fear that another confrontation on East-West trade could harm the Western alliance even more than last year's imbroglio over the Soviet natural gas pipeline.

They would prefer to focus the agenda on global economic issues like high interest rates, improved world trade and debt problems of developing countries.

Seeking to defuse the controversy before the May 28-30 summit in Williamsburg, Virginia, Mr. Kohl hopes to convince Mr. Reagan that the alliance cannot afford to bear new strains over trade at a time of rising tensions over the prospective deployment of medium-range nuclear missiles later this year, Bonn sources said.

When he confers with Mr. Reagan next Friday at the White House, Mr. Kohl also is expected to urge the United States to show continued flexibility at the Geneva arms talks and not be deterred by the recent Soviet rebuff of an interim solution proposed by Mr. Reagan last week.

The West German officials said Mr. Kohl would encourage the United States to explore further compromises by allowing the U.S. negotiator, Paul H. Nitze, the freedom to initiate his own negotiating ideas when the Geneva talks resume next month.

A senior chancellery aide said that the rejection by the Soviet foreign minister, Andrei A. Gromyko, "did not close all doors."

He said that maybe Moscow wanted to show it was not prepared to turn down offers as the United States was in rejecting proposals by the Soviet leader, Yuri V. Andropov last December, "so we are not all that pessimistic."

The Bonn government is worried that Mr. Reagan plans to press for agreement at the summit on a broad range of trade restrictions with the East bloc by expanding the powers of the Paris-based Coordinating Committee on East-West Trade, known as COCOM, to prevent the flow of high-technology goods to the Soviet Union and East bloc countries.

Washington argues that Western high-technology exports, especially in the field of microelectronics, have aided the Soviet Union's nuclear rearmament and forced the West to spend exorbitant sums on defense to counter expanding Soviet military power.

Bonn has agreed to improve the system of controls on strategic goods, but not to the extent that it would disrupt normal trade with the East. On Thursday, Economics Minister Otto Lambrecht warned that Mr. Reagan's proposals could further impair the weakened state of world trade and lead to greater unemployment in Europe.

West German officials said that White House persistence on the East-West trade issue could threaten to undermine the summit by forcing a confrontation over an insoluble topic while distracting participants from achieving progress on more vital world economic problems.

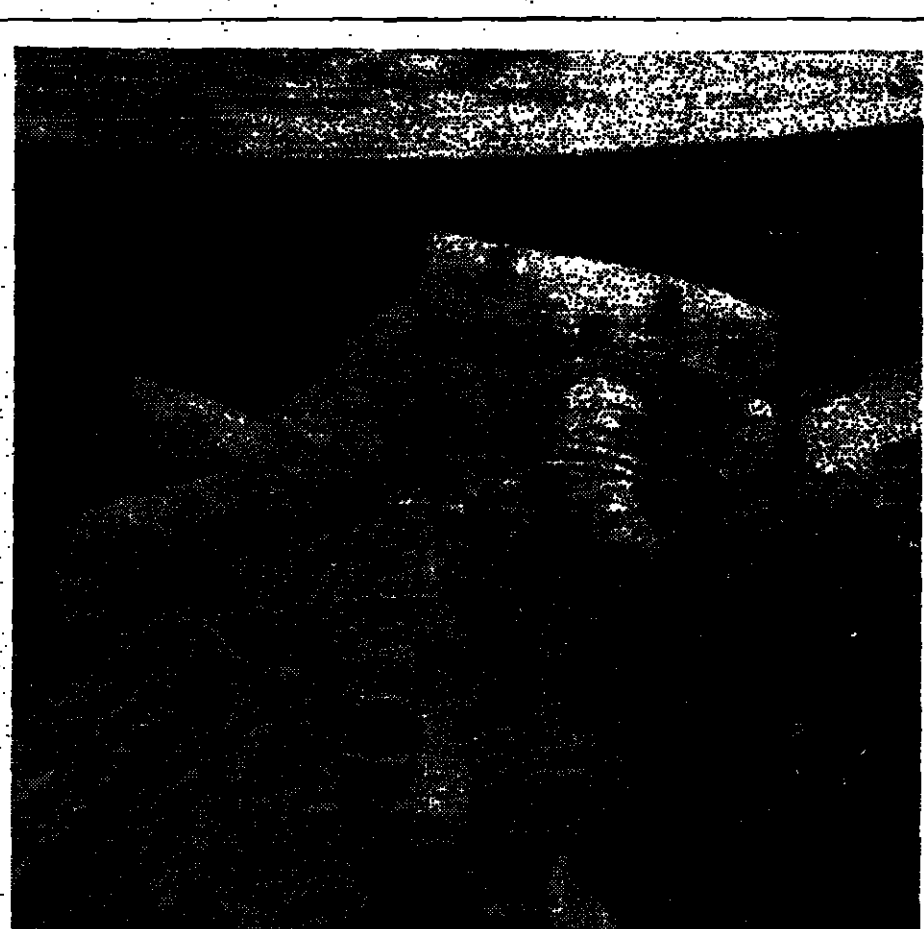
A Bonn foreign affairs official said: "It's just not possible to get an agreement right now. We have study groups looking into the East-West questions and the work should be done at that level and not at the summit."

Government officials also stressed that trade with the East has receded in importance since Western bankers and businessmen have become more cautious about lending or trading with a number of East bloc countries, such as Poland and Romania, that have incurred enormous debt problems in recent years.

The Reagan administration is seeking to impose tight controls on the export of computers, robots and software to the East and is reportedly planning to block U.S. licensing of an accord within the alliance cannot be reached.

The French government also has protested strongly against stricter regulation of technology transfers, but Bonn has redoubled its efforts to minimize the East-West trade dispute because the Kohl government is troubled by the spate of transatlantic conflicts on economic issues just as the European security debate is reaching a fever pitch.

The European Community has accused the United States of stealing its traditional export markets by offering to sell subsidized flour, dairy goods and poultry. The United States, however, claims it is only adopting the same selling tactics that the Europeans have practiced for many years.



SPACE WORK — As the Earth glows above him, Donald H. Peterson studies the side of the shuttle Challenger in the first U.S. spacewalk since 1974. Page 3.

Senate Budget Panel Cuts in Half Reagan Request on Military Funds

By Edward Cowan

WASHINGTON — A bipartisan majority of the Senate Budget Committee has approved a 5-percent increase in the military budget for fiscal year 1984, just half the increase that President Ronald Reagan had insisted was necessary for the nation's security.

The vote Thursday was 17-4. Eight Republicans, including the committee chairman, Pete V. Domenici of New Mexico, joined nine Democrats in voting for the 5-percent increase. Four Republicans voted against it.

[Larry M. Speakes, the deputy White House press secretary, said Friday that Mr. Reagan remains firmly committed to his proposal for a 10-percent increase despite the committee action, United Press International reported from Washington.]

It was the committee's first major decision in its drafting of a congressional budget resolution for the next fiscal year, which starts Oct. 1.

The committee will take up taxes and nonmilitary spending next week.

Mr. Domenici announced that he would vote for the 5-percent increase minutes after taking a telephone call from Mr. Reagan. By that time, it was apparent that a bipartisan majority supported the 5-percent figure.

In announcing his decision, Mr. Domenici said he hoped "to see some bipartisan support for reducing the rest of the budget." That was a plea to Democrats to vote with Republicans for reductions in nonmilitary spending.

His comment drew a quick response from the ranking Democrat on the committee, Senator Lawton M. Chiles Jr. of Florida. He agreed with Mr. Domenici and added a hope for bipartisan voting on revenues, a plea for Republican support of Democratic proposals to raise more revenue in 1984-1985 than Mr. Reagan desires.

Coming in a committee controlled 12-10 by Mr. Reagan's own party, the action was the most serious setback the president has suffered on budget matters since taking office. One committee member, Ernest F. Hollings, a Democrat from South Carolina, was absent.

Within an hour of the vote, the White House issued a statement saying that Mr. Reagan was "deeply disappointed" by the action. "It is his hope that a majority of the committee will find a way to reconsider their action."

The congressional budget resolution is a budget for the entire government in the coming year. It is drafted by the House and Senate Budget committees, vote for budget authority, or authority to obligate funds, and actual disbursements, or outlays. The debate centers chiefly on authority.

The House of Representatives has approved a budget resolution that includes an increase in military funds that the Democrats calculate to be 4 percent and the administration (Continued on Page 2, Col. 1)

Soviet Union Intensifies Its Campaign Against NATO Missile Program

By Serge Schmemmann

MOSCOW — The Soviet Union launched a new propaganda campaign Friday against the deployment of new U.S. medium-range missiles in Europe, summoning foreign reporters to a press conference with 13 ranking officials for the presentation of a new booklet.

The booklet is entitled "How to Avert the Threat to Europe." Most of its 95 pages are an updating of a similar document issued in 1981. The revision involved mostly statements made by the Kremlin since the original publication.

The fanfare with which the booklet was issued reflected the intensity of the Kremlin's quickening campaign against the deployment of new American medium-range missiles, which is scheduled to begin by year's end unless progress is made in arms talks with the Soviet Union.

Officials ranging from Major General Konstantin F. Mikhalov of the Defense Ministry to Alexei P. Shyrikov of the Central Committee of the Communist Party gathered to answer questions for two hours at what was described as a "round table" press conference.

Mr. Shyrikov said the booklet reflected Moscow's "deep concern" about military tensions, while General Mikhalov pointed to maps of Europe to support Soviet contentions that there is already East-West parity on the continent.

Western analysts found little in what the pamphlet said that advanced the debate over the missiles. Such press conferences, however, remain relatively unusual events that advanced the debate over the missiles.

Such press conferences, however, remain relatively unusual events in Moscow and reflect a sense of urgency on the part of the Kremlin.

And although the Soviet campaign against the planned deployment of the missiles by the NATO Atlantic Treaty Organization has been under way for some time, there have been several major Soviet statements in the last two weeks.

These include a major statement by Yuri V. Andropov, the Soviet leader, in Pravda; a rare Moscow press conference by Foreign Minister Andrei A. Gromyko, and sharp statements by Defense Minister Dmitri F. Ustinov and Marshal Viktor G. Kulikov, the commander of the Warsaw Pact forces.

Coinciding with publication of the new booklet, Pravda published a strongly worded, detailed critique of a recently revised edition of the Pentagon's booklet "Soviet Military Power."

Writing at considerable length, Pravda rejected the figures used in that brochure to support the U.S. contention that there has been a growing military threat from the Soviet Union.

Pravda made the standard Soviet charge that Washington is seeking military superiority to "impose its will on the world." It added that, if frustrated, Washington is prepared to resort to "direct military adventures and even war."

The charges were similar to those contained in the new Soviet booklet. The new booklet, however, used more sophisticated language that was better suited to the Western readership for which most of the initial press run of 130,000 copies reportedly was intended.

Diplomats here speculated that the rash of staged events and rhetoric would continue to escalate with the approach of the deadline for the deployment of the first of the American Pershing-2 missiles, the focus of most of the current dispute.

The new Soviet publication differed from its predecessor largely in the addition of new Soviet positions and statements. But it also contained two new sections, one on the European peace movements and the other a discussion of Eastern and Western concepts of deterrence.

The passage on peace movements struck diplomats as having a strong note of frustration and disapproval of the direction Western disarmament advocates have taken. Whereas the rise of the peace movement initially drew praise from Moscow, the booklet indicated that the Kremlin leadership had soured on the pacifists.

"One could hardly agree with the fact that under the guise of 'novelty' and 'independence' some people are bringing the Cold War spirit into the peace movement, and are sowing the seeds of hostility towards the socialist countries and their sociopolitical system," the booklet said.

On the issue of deterrence, the booklet said that Western countries understood the term to mean "containment by terror or intimidation."

The pamphlet insisted that Moscow's definition was founded in efforts to achieve détente and disarmament, but it also noted that "at the same time, being compelled to counter the actions of the West, the Soviet Union has built up a powerful defense capability as a forceful warning to possible aggressors."

The booklet also argued that Soviet military doctrine was of a "purely defensive nature."

Reagan Aides Concede MX Will Be Vulnerable

By George C. Wilson and Margot Hornblower

WASHINGTON — President Ronald Reagan's arms advisers say there is no practical way to protect the MX missile to the point of closing the "window of vulnerability" Mr. Reagan campaigned against so vigorously in 1980.

Senators said this shift in position was evident as they were briefed in closed session Thursday on the recommendations to be made Monday by Mr. Reagan's special advisory commission on the MX. About half the Senate was involved.

The panel will urge the deployment of 100 MX missiles in existing Minuteman silos in Wyoming, starting in 1987, and a crash program to build a smaller, mobile, less vulnerable missile by 1991.

Retired General Brent Scowcroft, the chairman, and other members of the commission briefing the senators said they had concluded that there was no practical way to harden existing Minuteman silos so they would make the MX invulnerable, that the MX would be too big and heavy to be mobile and that the Minuteman silos were spaced too far apart to make an anti-ballistic missile defense feasible.

In short, after more than 30 studies of basing projects, the presidential advisory panel is saying that an invulnerable MX cannot be achieved.

This judgment conflicts with the arguments Mr. Reagan used in 1980 against President Jimmy Carter's so-called "caterpillar" deployment plan for MX and the "window of vulnerability" that the Republicans had opened up under the Democrats.

If the MX will not be invulnerable, it may be harder to sell to a skeptical Congress.

The vulnerability would thus remain until the 1990s. Early in that decade a small missile, nicknamed Midgetman, would be deployed on air force bases and handled along roads periodically to make it hard to target.

Defense Secretary Caspar W. Weinberger apparently anticipated a congressional backlash against the idea of placing MX missiles in Minuteman silos that have been declared vulnerable to Soviet attack. He sent letters a few days ago to members of Congress to move the focus away from an invulnerable land missile.

"The tendency in the past," Mr. Weinberger wrote in a letter obtained by The Washington Post, "both in the Pentagon and on the Hill, has been to overfocus on the basing issue and disregard the real question as to the need for modernizing the ICBM force. The ICBM vulnerability problem is only one of the myriad of strategic issues that requires serious examination by the Congress before casting a decisive vote this year" on future arms.

Mr. Weinberger urged the members of Congress to attend air force briefings to learn why a new land missile was vital for the national defense, invulnerable or not.

Senator Mark Andrews, Republican of North Dakota, said that he and Senator Daniel P. Moynihan, a New York Democrat, had warned members of the MX commission that their recommendation threatened to make it an "acceptable" strategy to fire U.S. missiles at the first warning of attack.

"This presents the potential for a worrisome move toward the hair trigger," said Mr. Andrews, saying that missiles might be fired in response to false alarms. He added that a launch-on-warning policy was one "that we have wanted to stay away from."

For the Soviet Union to target or hit. The new MX basing plan, if Mr. Reagan embraces it, will be his fourth. The first three were ultimately rejected, and last winter an impatient Congress voted to hold up production funds for the missile until Mr. Reagan could find an acceptable plan. It was that vote that led Mr. Reagan to turn to a commission.

In an effort to reassure senators, panel members at the briefing reportedly said there was little chance over the next several years that the Russians could knock out both U.S. missiles and bombers in a surprise strike.

If the Soviet Union fired submarine missiles against the bombers first, the briefers said, the MX and Minuteman missiles could be launched before enemy warheads rained down on them. If the Russians fired intercontinental ballistic missiles first, the briefers added, the United States would have enough warning to get bombers off the ground before they could be destroyed.

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If we need to have a land-based missile option," Mr. Andrews continued, "then mobility is the key to survivability. Anything less than that is fooling ourselves, or worse, moving toward a first-strike acceptability." The administration, he said, "has got a lot of selling to do."

Oil-Spill Politics Endangers Gulf

Threat of Growing Slick Is No Match for Animosity

By Joseph Fitchett

KUWAIT — The failure of the Gulf states' meeting this week to cope with the oil slick spreading from the Iran-Iraq war zone has demonstrated the political obstacles to joint action despite an emergency situation that threatens the entire region.

Delegates of the eight coastal states of the Gulf — Iran, Iraq, Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman — ended their talks Thursday without any accord except commitments to technical studies, further consultations and possibly another meeting next week.

Because of the political objectives of Iran and Iraq, the meetings, according to a health minister who took part in it, failed to discuss the key issue: a cease-fire to allow experts into the combat zone where the two offshore Iranian wells are leaking and where most of the estimated quarter-million tons of crude oil are believed to be floating half-submerged.

An Arab cabinet minister, who asked not to be identified, said Friday that the outcome left him "very pessimistic" about the chances of early action.

Another diplomat said: "This meeting was held under technical auspices to facilitate a political compromise without loss of face. Now a solution will be more elusive because the war rivalries are back in the open even on this issue."

While noncombatant Gulf states are anxious for a truce to tackle the oil emergency, they lack the political power to impose their views on either Iran or Iraq, each of which sought to ensure that any cease-fire worked to its strategic advantage.

Iranian diplomats reflected an interest in obtaining protection for the offshore oil pumping and oil shipping that finances Tehran's war against Baghdad.

Iraq, in contrast, wanted a more sweeping cease-fire that Saddam Hussein, the Iraqi leader, could present as a reduction in hostilities to his Arab allies, many of whom appear increasingly hesitant in support of his war effort.

Efforts to tackle the spreading oil slick — whose tip hit beaches Thursday in Bahrain — have been delayed by the political overtones of the Iran-Iraq war, which brought about the oil accident two months ago.

Although numerous U.S. and European experts have been standing by in the Gulf for days, nothing can be done without at least a partial cease-fire.

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FLOODWATER — Volunteers in New Orleans ferry hospital workers in canoes after the city was hit by flooding following three days of rain. The floods crippled entire sections of the city and left more than 40,000 people in the Gulf Coast states homeless. Officials said storms in the region caused 10 deaths and heavy damage.

Crackdown on Graft Is Sign of Mubarak's Reordering of Economy

By William R. Farrell

CAIRO — A driver protested furiously on a chaotic main street this week as a Cairo traffic policeman scribbled a parking ticket. The driver's angry cries drew a crowd, most of which sympathized with him. But the policeman was unmoved.

The issuance of a ticket is an ordinary enough event in most places, but not here. Baksheesh is endemic at all levels of society. The word is hard to translate; it can be a tip or a bribe.

But in the driver's case it did not work. The ticket seemed to be a small sign of the change that the government of President Hosni Mubarak is trying to bring to various levels of Egyptian society. The president has said that reordering the stumbling economy and making Egyptian society more equitable are his chief domestic goals.

So far he has ordered a crackdown on corruption, and has moved to put into effect stricter housing legislation to curb a widespread flouting of building codes. He has also ordered a sharp cutback on imports of such luxury items as cosmetics and foreign cheeses as part of an effort to narrow the unfavorable gap between imports and exports.

At a recent meeting with his economic aides, Mr. Mubarak said efforts must be made to cut government outlays without raising the prices of subsidized basic commodities. In 1977, when prices on such subsidized items as bread, cooking oil and sugar were reduced, street riots erupted, resulting in many deaths and threatening to topple President Anwar Sadat.

The economic outlook appears bleak today than a few months ago. Projections for next year's government budget, which has not yet been announced, indicate a deficit of nearly \$2 billion, with about \$500 million of that resulting from a decline in profits on Egyptian oil exports. Egypt recently cut its price for top-grade oil from \$29 to \$27 a barrel after the Organization of Petroleum Exporting Countries announced agreement on a drop from \$34 to \$29 a barrel.

Since coming to power after Sadat was assassinated at a military parade on Oct. 6, 1981, Mr. Mubarak has moved at a measured pace to bring about changes.

His command over the People's Assembly, the unicameral parliament, which is overwhelmingly dominated by his ruling National Democratic Party, seems firm. But he has received some criticism from opposition groups such as the small Socialist Democratic Party because they feel the pace of reform is too slow.

The government-supervised Egyptian press is more critical and unfettered than it was in the last days of Sadat's rule. Lately Mr. Mubarak has earned public approval because of his much-publicized anti-corruption drive.

The chief target has been Sadat's half-brother, Essam, who rose during the Sadat presidency from a \$60-a-month bus driver to a man with a fortune estimated at \$150 million. Essam Sadat and three of his sons were sentenced in February by the Cairo Court of Ethics to a year in jail. The court also ordered the confiscation of their property and that of seven other members of the family.

The prosecutor general is reviewing the case, which includes charges of illegal acquisition of land, black market dealings and the importation and sale of rotten food. Supply Minister Ahmed Noub and Industry Minister Fuad Abn Zaghlol were forced to resign after their names were mentioned in the investigation.

The trial has sent shudders through a newly rich Egyptian class that gained enormous profits from President Sadat's open-door economic policy, an international move that brought a glut of foreign consumer items onto the market.

Mr. Mubarak has said he will continue the policy, but that it has to be reoriented to wipe out the heavy emphasis on consumer luxuries. He wants foreign investments that will help add steel plants and other components of a sturdy industrial base.

According to Egyptian and diplomatic officials, Mr. Mubarak has "a huge stake," as one put it, in what happens in Lebanon, although he is not a direct participant.

He has been steadfast in his support of the Egyptian treaty with Israel, despite calls in the Arab world for its abrogation. He has said the treaty is proof that peaceful tactics can work in the search for Middle East stability.

But the impasse in the Lebanon talks has caused concern in Cairo that this argument is being weakened at a time of what seems to be improvement in Egypt's relations with Arab nations that broke ties because of the treaty.

Mr. Mubarak has been calling for speedy action by Arabs to take up President Ronald Reagan's proposal last September for autonomy for Palestinians in the Israeli-occupied West Bank and Gaza Strip in association with Jordan. He has been addressing his call especially to King Hussein of Jordan and the Palestine Liberation Organization, asserting that the crucial American voice in peace talks may be diminished as presidential elections approach next year in the United States.

In domestic affairs, President Mubarak's public style has been different from that of President Sadat. Sadat made a point of placing himself alone in the foreground, with his aides kept in the shadows. Mr. Mubarak has brought the officials into the picture, and diplomats in Cairo note that he thus can share any criticism and blame as well as praise.

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INSIDE

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BUSINESS/FINANCE

■ People Express, a low-fare U.S. carrier, is causing a flap in the trans-Atlantic airline business. Page 9.

■ Seven major countries may agree on limited intervention in currency markets at their summit meeting next month. Page 9.

Soviet Expels 2 Britons in Apparent Retaliation

By Dusko Doder
Washington Post Service

MOSCOW — The Soviet government expelled a British diplomat and a journalist Friday in retaliation for Britain's expulsion of two Soviet diplomats and a correspondent.

Squadron Leader David Williams, an assistant air attaché at the British Embassy, and Anthony Robinson, the Moscow correspondent of the Financial Times, were given a week to leave the country.

The Soviet authorities were also considering a possible retaliation against France, which expelled 47 Soviet diplomats and officials on Tuesday. There was a distinct prospect that the expulsions and retaliations could escalate and bring about a further deterioration in East-West relations.

After Britain on March 31 ordered the expulsion of a Soviet military attaché, a second secretary of

the Soviet Embassy in London and the correspondent of New Times, a Soviet weekly, British officials warned Moscow that Prime Minister Margaret Thatcher's government would order still more Soviet officials out of Britain if Moscow took retaliatory steps.

A British Embassy spokesman declined comment Friday on the possibility of such steps.

A senior Soviet official said that the expulsions ordered by the French and British governments were seen here as a part of a "political and propaganda campaign orchestrated by the Reagan administration to discredit" Moscow's foreign policy.

He predicted, however, that "these hysterical things will be short-lived" and that Moscow would be "restrained" in its response.

Sir Iain Sutherland, the British ambassador, was summoned to the Soviet Foreign Ministry on Friday

morning to be informed of the expulsions on charges of having carried out "impermissible activities," according to the British spokesman.

"The ambassador protested strongly at this totally unjustified action," the spokesman said. "This action is clearly in retaliation for the expulsion of three Soviet officials from London last week."

British officials said Vladimir P. Suslov, a senior Foreign Ministry official who read the expulsion order to Sir Iain, did not elaborate on the charge that Squadron Leader Williams and Mr. Robinson were involved in "impermissible activities." The term was apparently meant to suggest some form of espionage.

The three Russians expelled from Britain had been charged with involvement in "activities incompatible with their status," the euphemism normally used for spying. They were Colonel G. A. Pri-

makov, an assistant air attaché; S.V. Ivanov, the second secretary; and I.V. Tsirov, the New Times correspondent.

Squadron Leader Williams, 33, has been in Moscow for less than a year. The last British diplomat to be expelled by the Russians was Captain Bruce Richardson, the naval attaché, who was sent home last December in retaliation for the expulsion of the Soviet naval attaché in London, Captain Anatoli P. Zotov.

Mr. Robinson, 40, is regarded in the foreign community in Moscow as among the best foreign correspondents here. He arrived a year ago and had previously covered Soviet-bloc countries.

The last British journalist to have been expelled from Moscow was David Bowne of The Times of London in 1972.

Friday's action by the Russians suggested that a number of French officials may be thrown out of

Moscow in retaliation for the expulsion of 47 Soviet diplomats, officials and journalists.

The French move followed a series of recent expulsions or arrests of Soviet personnel accused of spying in Britain, Spain, Italy and Switzerland.

■ **Correspondent Disappointed**

Mr. Robinson said he was saddened and disappointed by the decision to expel him, Reuters reported from Moscow.

"The Financial Times treats the Soviet Union like any other country," he said. "It is my job to report fairly and accurately, and that is what I have tried to do over the past 12 months."

Mr. Robinson is the first permanent correspondent for the newspaper in Moscow. He said the Financial Times did not accept the decision, and added that although he would have to leave, he would remain the newspaper's Moscow correspondent.



Anthony Robinson

"I hope to return," he said.

In London, Reuters quoted the Financial Times editor, Jeffrey Owen, as saying: "I deeply regret the sudden and arbitrary action by the Soviet Union against Mr. Robinson. I ask the Soviet authorities to reconsider their decision with the utmost urgency."

WORLD BRIEFS

France Eases Currency Curbs

PARIS (UPI) — The Finance Ministry and travel agents reached an agreement Friday on easing the new foreign exchange controls for French travelers on package vacations, officials reported.

The controls, introduced two weeks ago as part of an austerity plan to reduce inflation and a large foreign trade deficit, limited to 3,000 francs (about \$400) the amount of foreign and French currency that French residents were allowed to take out of the country for personal reasons each year. Travel agents, claiming that the measures threatened 18,000 jobs, staged a march through Paris last week to persuade the government to modify the controls.

Under the new agreement, travel agents will be allowed to convert into foreign currency 75 percent of the funds they spent on travel packages between April and October of 1982. The relaxation applies only to vacations advertised before March 25, the day that the new controls were announced.

Travelers on package vacations with meals and accommodation included will have between 1,250 and 1,750 francs deducted from their allocation, to be entered in a booklet regulating export of currency.

Boycott of Ghetto Ceremony Urged

WARSAW (WP) — Spurning an officially sanctioned memorial celebration, a clandestine Polish group Friday called for an independent wreath-laying ceremony and street march April 17 to commemorate the 40th anniversary of the Warsaw Ghetto uprising.

In a communique, the organizers accused Poland's Communist authorities of trying to turn the commemoration into a major international event for "mainly financial purposes." This was an apparent reference to state efforts to attract a large crowd of foreign Jews for the occasion and to promote a positive image in the West, where Poland owes \$26 billion.

The two-week commemoration is slated to start Saturday.

The communique was signed by "The Committee for the Independent Celebrations of the 40th Anniversary of the Warsaw Ghetto Uprising." No names were attached but the declaration was passed to Western reporters by reliable sources. Expected to join in the unofficial action are several members of the banned trade union Solidarity, including Lech Walesa, and Dr. Marek Edelman, the sole survivor in Poland of the uprising. Dr. Edelman has called for a boycott of the formal ceremonies in protest against political oppression here.

Pinochet Exile Is to Visit Chile

SANTIAGO (UPI) — Andres Zaldivar, president of the Christian Democratic International, is scheduled to return to Chile on Saturday after an exile of two years and six months imposed by President Augusto Pinochet.

Although the Chilean regime has made no official announcement, Mr. Zaldivar has been authorized to visit Chile for five days because of the serious illness of his 83-year-old father.

Mr. Zaldivar, who lives in Madrid, was elected president of the Christian Democratic International last year. The Christian Democratic Party, along with all other political parties, is officially banned in Chile. The government indicated concern that refusal to authorize Mr. Zaldivar's visit to his father would do further damage to Chile's deteriorated human rights image.

Greens' Leader Nearly Resigned

BONN (Reuters) — Petra Kelly, spokeswoman of West Germany's anti-nuclear Greens party, was quoted Friday as saying she was exhausted and had considered resigning from the Bundestag, the lower house.

Miss Kelly, who played a major role in the leftist ecologist group's success in last month's national election, told the Munich newspaper Abendzeitung that her fellow Greens deputies were "exasperating" her. She said she had poor circulation and doctors had been summoned to her office twice since the party entered parliament for the first time last month.

"Last week, I almost resigned," she said. "I wanted to give up my mandate." Miss Kelly, 35, who has a history of ill health, said she would withdraw to a health resort for two weeks. Another Greens deputy, Marieluise Beck-Obendorf, rejected Miss Kelly's remarks and said she had the full support of her 26 parliamentary colleagues.

16 More Arabs Held Over Illness

ARRABE, Israel-Occupied West Bank (UPI) — Sixteen Arabs, including female students who complained of symptoms of poisoning, were held for questioning by the Israeli police on suspicion of instigating a hoax, the Israeli radio said Friday.

On Wednesday the Israeli police said they had arrested 50 Arabs on suspicion of inciting a fake epidemic. The first girls who complained of being ill two weeks ago were from Arrabe, a town of 8,000. From there, similar symptoms of nausea, dizziness and weakness spread to Jenin, Tulkarem and Hebron. The Palestine Liberation Organization charged the girls were poisoned.

Mugabe Warns Helpers of Rebels

ZHOMBE, Zimbabwe (Reuters) — Prime Minister Robert Mugabe declared Friday that his government was involved in a war with rebels and warned that anyone who helped the enemy risked being killed by troops.

In his first visit to a part of Zimbabwe formerly troubled by dissident activity, Mr. Mugabe told about 2,000 tribespeople that he would deal with unrest as ruthlessly as possible.

"We don't select who we fight because we can't tell who is a dissident or not. If people give dissident food, they are starting a war against the government. If you support dissidents, people are going to be killed because this is war. Don't cry if your relatives are killed in the process. It's the price of supporting dissidents," the prime minister said.

For the Record

VATICAN CITY (UPI) — Roman Catholic bishops from Soviet Lithuania conferred with Pope John Paul II for the first time in 45 years Friday in meetings that signaled a thaw in relations between the Vatican and Moscow.

BEIRUT (Reuters) — A man has been arrested in connection with the murder of the French ambassador to Lebanon in September 1981, security sources said here Friday.

THE HAGUE (AP) — The Dutch government has banned dumping of radioactive waste in the ocean and has approved the nation's first on-land disposal site for such wastes, the Ministry of Housing, Planning and Environment announced Friday.

Reagan Advisers Concede MX Missile's Vulnerability

(Continued from Page 1)

cept the new U.S. Pershing-2 and cruise missiles in their countries if the United States refused to deploy a new land missile on its territory.

■ **Research Priorities**

Earlier, Robert C. Tath of the Los Angeles Times reported:

The MX commission will call in its report next week on an urgent research program to help decide in two years whether to deploy more MXs or a smaller intercontinental ballistic missile.

The program would include:

- Research on a mobile missile that might eventually replace the current multi-warhead ICBMs.
- Congressmen concerned that the 10-warhead MX is a dangerously destabilizing force are attracted to a small, single-warhead ICBM, one-tenth the weight of the MX, as one way to reverse the trend toward ever-larger and more destructive nuclear weapons.
- Research on hardening missile silos to increase the ability of their ICBMs to survive a nuclear attack.
- Culmination of the two research efforts by 1985, with a new decision on whether to deploy more MX missiles or new small ICBMs in the late 1980s and beyond.

Additional MXs could be placed in hardened silos if the research finds that the silos' strength can be significantly increased, officials said.

Alternatively, small ICBMs, if found to be feasible, could be deployed for protection in mobile vehicles ranging from special armored carriers called "armadillos" to large helicopters.

East Germany Is Said To Have Dioxin Waste

Compiled by Our Staff From Dispatches

SEVESO, Italy — A senior engineer involved in the cleanup at the site of a chemical plant explosion that released a cloud of poisonous dioxin in 1976 says that 22 tons of missing dioxin waste from the plant almost certainly are in East Germany but he has no firm proof.

Local government officials say they agree with him, although East Germany has denied it has the waste, which is considered to be 10,000 times more toxic than cyanide.

In Bonn, a spokesman for the West German government said that the West German engineering company Mannesmann had agreed Friday to open the files of its Italian subsidiary company in an effort to discover the location of the 41 barrels of highly toxic waste.

In Seveso, Luigi Noe, a special commissioner in charge of rehabilitating the town, said he had asked the plant's owners in vain to tell him where the waste was taken.

"I have repeatedly asked Hoffmann-La Roche where it is," Mr. Noe said, referring to the plant's Swiss owners. "I have said that I want to go and see it and check the conditions. But they tell me they do not know the site."

Mr. Noe, who heads a team of 60 officials from the Lombardy region still engaged full-time in the rehabilitation of Seveso, said the company told him only that the waste was buried at a minimum depth of five meters (about 16 feet) in clay soil in an earthquake-free zone.

He declined to speculate as to where the dioxin was, but the senior engineer involved in cleanup said he was almost certain its destination had been East Germany.

"The country came late onto the market for disposal of toxic waste and has been eagerly searching for clients," the engineer said. "It has dioxin mines suited to burial of the dioxin. I have no proof but am almost certain it is there."

Officials at the Lombardy region's special office for Seveso agreed with the engineer's view, despite East German denials.

The explosion in July 1976 released a cloud of dioxin gas into the atmosphere, forcing hundreds of families to leave their homes, killing animals and polluting farmland.

Current controversy over the destination of the dioxin waste arose when a French scientific journal said in March it had failed to trace the waste despite a four-month investigation.

The truck carrying the waste from Seveso entered France, and French officials said it had then been transferred to a neighboring country, which they declined to name.

At a news conference in Bonn, a West German government spokesman, Dieter Stolze, said West Germany was trying to establish what had happened to the waste.

He said Mannesmann's promise to open the files of its Italian subsidiary was made Thursday by Egon Overbeck, Mannesmann's chairman of the board, in a telephone call to the West German Interior Ministry.

Mr. Stolze said he hoped the information contained in the Mannesmann files would be available within days. However, it is not known whether authorities will be able to learn the disposal site of the 41 drums of toxic dioxin waste from these records.

The 41 barrels of waste were last registered Sept. 20, 1982, by customs authorities in Paris, where they had been sent from Italy. A few days later they disappeared without trace.

■ **Protest in Paris Suburb**

Meanwhile, in the Paris suburb of Neuilly-sur-Seine, activists of the international environmental group Greenpeace protested the disappearance of the waste by dumping 41 drums marked "Dioxin" outside the headquarters of Hoffmann-La Roche's French subsidiary, United Press International reported.



STUDENT PROTESTS — Medical students take the paving stones from a street in Paris to set up a barricade as part of a protest against a government plan to introduce new examinations. Students in Lyons and Marseilles staged similar protests. The barricades were taken down quickly by police. No arrests were reported.

U.S. to Press Israel on Settlements If Hussein Joins New Peace Talks

WASHINGTON — The Reagan administration publicly promised King Hussein of Jordan on Friday that it would do its best to get Israel to halt the building of Jewish settlements on the West Bank if he entered Middle East peace talks.

"If Jordan publicly announces its willingness to enter such negotiations, we are determined to do our best to assure that the results of those negotiations are not prejudiced from the outset by activities of any party which reduce the prospects of a negotiated peace," the State Department spokesman, John Hughes, told reporters.

King Hussein has been reluctant to enter new peace talks alone, and has been trying to persuade the Palestine Liberation Organization to allow him to speak for them.

But in Kuwait on Friday, the PLO leader, Yasser Arafat, told reporters that the group remained committed to the Arab peace plan adopted last September in Fez, Morocco.

He added, however, that further talks with King Hussein were necessary.

His remark seemed to indicate that the PLO was unwilling at present to consider President Ronald Reagan's peace plan. It was Mr. Arafat's first clear public statement of policy since PLO leaders began convening on Tuesday to discuss Mr. Arafat's talks last week with King Hussein in Amman.

Palestinian sources said earlier that the PLO had sent King Hussein a letter that did not authorize him to represent it in talks with Israel. Mr. Arafat's political adviser, Hani al-Hassan, took the message to Amman, the sources said.

Diplomats in the Gulf said the fact that Mr. Arafat did not return to Amman himself with the reply appeared to support the view that the reply was negative.

Also supporting this view, they said, was Mr. Arafat's departure to Aden and not to Riyadh, as had been expected. Saudi Arabia is the PLO's biggest financial backer, and Mr. Arafat generally consults closely with Saudi leaders on major issues.

The sources quoted the message as saying that the PLO would adhere to the decisions in February of the Palestine National Council in Algiers. At the end of that meeting, the council backed the Fez plan and said Mr. Reagan's proposals were insufficient. But it did not reject the proposals outright.

in the PLO's first reference to differences between Jordan and the PLO, Mr. al-Hassan told reporters. "There are areas of agreement with the Jordanians but there are also areas of dispute which have to be settled."

Mr. al-Hassan said he believed King Hussein would not negotiate on behalf of the Palestinians on his own. "He is too wise to do that," he said.

Mr. Arafat himself said his talks with the king would continue "for the benefit of the Palestinian cause."

He also told reporters, "Our position is clear." The PLO, he said, "is committed to the resolutions adopted at Fez."

At the Fez meeting, Arab leaders endorsed a plan calling for an independent Palestinian homeland in the Israeli-occupied West Bank and Gaza Strip, with Jerusalem as its capital.

The Reagan plan, also offered in September, calls for Palestinian self-rule in association with Jordan in the occupied territories. It does not provide for an independent Palestinian state.

A statement issued in Kuwait by the Central Council of al-Fatah, which is led by Mr. Arafat and is the largest PLO group, called for a continuation of the PLO-Jordanian dialogue and urged Arab states to hold a summit meeting.

It said such a meeting was important to discuss the outcome of recent Arab political moves.



President Hosni Mubarak toured a steel plant Friday in Osaka, Japan. A factory official, left, acted as a guide.

Mubarak Sends Envoy To Jordan for Talks

Compiled by Our Staff From Dispatches

TOKYO — President Hosni Mubarak of Egypt, who is in Japan on a five-day state visit, dispatched a special envoy to Jordan on Friday for urgent talks on the Middle East.

The envoy, Osama el-Baz, left the presidential entourage to go to Amman, an Egyptian Embassy official said.

Mr. el-Baz is expected to convey Mr. Mubarak's views on peace negotiations in the Middle East to Jordan's King Hussein.

Egypt and Jordan on Friday criticized Israel's extension of settlements in the West Bank and Gaza Strip as illegal.

A joint communique issued by Mr. Mubarak and Prime Minister Yasuhiro Nakasone said that "the two leaders agreed that such policies endanger peace in the Middle East and violate the spirit of coexistence and reconciliation."

The two countries called on Israel to withdraw from all occupied Arab territories and to recognize the Palestinians' right to self-determination.

The communique also said that Israel's right to exist should also be recognized in order to attain a just and lasting peace in the Middle East.

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Summit or Pageant?

The seven presidents and prime ministers of the democratic industrial powers will gather in Williamsburg, Virginia, at the end of next month for the ninth annual economic summit meeting.

This good idea was reduced to a pageant of posturing politicians the last two times out. President Ronald Reagan, this year's host, promises an effort to create an atmosphere for listening as well as talking, but there are disturbing signs that little will come of it.

Mr. Reagan presumably recalls the misunderstandings he helped to create last year at Versailles. The allies thought they had satisfied him with a promise of greater restraints on trade with Moscow, but he came home and quickly threatened retribution for their refusal to cancel the gas pipeline.

The risk this time is that the president will again make too much of East-West trade and preside loosely over a meeting that again evades more pressing issues.

The foremost of these is the world recession and the need for coordination on the path to recovery, particularly among the United States, Japan and West Germany. No nation can grow alone while the rest are sliding, and there is the added danger that the Third World will slide even further while the industrial world stagnates.

A second crisis is the Third World's debt. The first financial shocks have been blunted by emergency refinancings, but a second could hit anytime. None of the summit conference participants' governments seem to grasp the

urgent need for international planning to prevent a global collapse.

Some time ought also to be devoted to protectionism and currency valuation. Understandable but highly damaging barriers are gradually being erected, even by relatively strong nations like the United States, to shut out imports to protect slumping industries.

Trading patterns and investment decisions are also being distorted by currency disparities, particularly the strength of the dollar and the weakness of the yen. A recovery and better coordination of economic policies could reduce the swings, but it is time also for a fundamental review of the rules.

To deal with all these problems, Mr. Reagan is proposing only a loose agenda, without even the stimulus of working toward a final communiqué. And he apparently intends again to make East-West trade his first priority. As if in preparation, he has just asked Congress to threaten curbs on imports from allies that violate American trade sanctions against the Soviet Union.

It is by no means clear that the other heads of government are any more eager to take domestic political risks for the sake of allied economic collaboration of the type envisioned when these meetings first began.

What should be a candid encounter of the leaders alone has instead become a vast assembly of seven principals surrounded by a thousand advisers and six thousand journalists. That says it all, and who could possibly listen?

—THE NEW YORK TIMES.

Time to Raise Taxes

Raising taxes is no fun. Senator Lawton Chiles said that when he brought up a prospective increase with President Ronald Reagan, it "ruined his day." But if the president is at all serious about reducing the frightful budget deficits now projected, and if the military budget is to continue to grow, the need for a tax hike is indisputable.

Defense is much the largest claimant on general revenues. The compounding effect of high defense growth rates over the last and next few years means that even with Social Security on a self-financing basis the government needs to raise taxes by more than \$100 billion annually to close the budget's built-in deficit by 1988.

The fairest way to raise taxes would be by continuing last year's progress toward reforming individual and corporate income taxes. With all the preferences now in the tax code, the amount of taxes that businesses or high-bracket taxpayers owe has far more to do with their tax advisers than with their income. Each of these tax breaks, however, is guarded by a ferocious lobby that will insist that any tampering will lead directly to the decline of the American economy and/or the destruction of the American family.

Congress needs to plug some potentially large leaks in the federal Treasury — tax-leasing by governments and nonprofit organizations, for example, and private purpose tax-exempt financing. And it should curb some egregious tax subsidies, such as those for busi-

ness entertainment and dubious charitable donations.

A determined effort to move beyond this to some of the larger tax subsidies — things like capping mortgage and consumer interest and sales tax deductions — might yield \$10 billion to \$25 billion. This, however, would require far stronger presidential and congressional leadership than now seems likely.

With oil prices declining, an energy tax is an attractive option. A \$5-per-barrel tax on both imported and domestic oil would raise about \$20 billion. This, however, would require taking on an alliance of major oil-producing and consuming states, as well as the oil industry.

Next in line of preference is a surtax. A 10-percent surtax on corporate and personal income would raise about \$50 billion in 1988. Essentially it would take back part of the administration's sacred three-year tax cut. But it is a better option than repealing the indexing of the tax code now scheduled to start in 1985, because it would hit high-bracket taxpayers as well as those with moderate incomes and because it would require Congress to make an effort to pay for the budget that it votes.

The sooner one or more of these options is put into law, the less will be the need for future tax increases. Each year the deficit is allowed to grow adds billions to the annual interest costs on the national debt — and that means still more taxes will be needed to close the budget deficit.

—THE WASHINGTON POST.

Layers of Tragedy

There are many ways to kill a nation, and all of them have been tried in Cambodia. Unimaginable slaughter, invasion, brutal occupation have followed famine and pestilence, all of it aggravated by the cynicism of big powers and the paranoia of smaller ones. And now Vietnam, having already done so much to reduce Cambodian nationalism, is striking at Cambodians in camps along the Thai border. The arc of misery widens and the flood of refugees swells to 45,000 in a week.

Vietnam's border war comes only days after its client regime in Phnom Penh boasted that "we control the whole country." The truth is otherwise, as Colin Campbell reports in *The Times*. Vietnam fields an occupation army of 180,000 and controls a Cambodian army of 30,000. Yet the country is not pacified, and the Vietnamese should be the first to understand why: They deny it the self-determination they fiercely claim for themselves.

The tragedy comes in layers. When Vietcong guerrillas used a neutral Cambodia as a sanctuary, it was founded by American bombs and drawn into a war it hoped to avoid. This opened the way for the eventual victory of the Chinese-backed Pol Pot. As many as two million died in ideological purges and in forced migrations to rural communities.

The Communist regime later installed by Vietnam is writing a new chapter in the tragedy. The current rulers, Mr. Campbell reports,

while less murderous, adhere as fervently as Pol Pot to rural collectivization, "re-education" camps, harsh relocation of masses of people and rule from the top. A tiny cadre of party members, 700 in all, promotes a rewriting of history to deny the Cambodian past and the awkward reality that Pol Pot was enthroned with Vietnam's help.

Vietnam may thus try to blame the excesses on "cliques," but what it cannot deny is that it shares much the same ideology as Pol Pot. His real offense in Hanoi's eyes was to ally himself with China, Vietnam's hated foe. It was out of deference to China that successive American governments treated Pol Pot as an acceptable partner in the coalition opposing Vietnam's client regime. However rationalized, this tolerance for a mass murderer taints any U.S. claim of concern for Cambodian liberation.

Liberation will come when Vietnam withdraws, restoring to Cambodia an inclusive government at peace with its people and neutral toward outsiders. To bring that about will require a regional settlement securing all frontiers in Indochina at peace with its neighbors. That deliverance seems light years away. Still, there is immediate work for the United States to do: rally to Thailand's aid in the face of the current Vietnamese raids and give comfort to refugees. In an ambiguous conflict, that much can be unambiguous.

—THE NEW YORK TIMES.



The Many Who Don't Get U.S. Asylum

By Michael Posner

NEW YORK — Hu Na is a celebrity, she hits a mean backhand and comes from China, a communist country. These three things (among others) distinguish her from tens of thousands of Salvadoran refugees who seek asylum in the United States, and do not get it. Whatever one thinks of the decision to grant Miss Hu asylum, the manner in which the Reagan administration arrived at its decision points to the need for basic reforms in the asylum process.

The China desk at the State Department — afraid of adding to the tension in U.S.-China relations, already strained by textile quotas and arms sales to Taiwan — recommended against granting Miss Hu's request. The department's Bureau of Human Rights and Humanitarian Affairs, whose opinions usually govern immigration service decisions, recommended the granting of asylum. The Justice Department's Immigration and Naturalization Service was worried that a grant of asylum might create a precedent that would affect more than 1,000 other Chinese cases.

Which agency made the final determination? Which considerations — managerial, foreign policy, human rights — receive more weight in the United States' asylum process? And which should?

The Refugee Act of 1980 took a new, nonideological approach, defining a refugee as a person whose request for asylum is based on a showing of a well-founded fear of persecution because of race, religion, nationality, political opinion or membership in a social group. Before the 1980 revision, refugee law was dominated by Cold War-era restrictions allowing only people from communist or communist-dominated countries to be admitted.

It has been three years since those restrictions were eliminated, yet ideological considerations continue to interfere with the law's implementation. Consider these figures, which cover people who applied for asylum after arriving in the United States, legally or illegally: In the 1982 fiscal year, only three Haitians, out of more than 5,000 applicants, and 65 Salvadorans, out of more than 18,000 applicants, were granted political asylum. At the same time, the United States approved 297 asylum requests from Afghanistan, out of about 1,000 applications.

For those seeking direct admission as refugees from abroad, the figures are even more discouraging. Since the adoption of the refugee act, the United States has yet to admit a single Salvadoran, Guatemalan or Haitian as part of its annual refugee-admission process.

In its reports to Congress, the State Department seeks to justify the discrepancies. While Salvadorans

seek "a better life" and Guatemalans seek "improved economic opportunity," Cambodians are "persecuted by [the] Communist Khmer Rouge," and Soviet citizens leave their homeland because they suffer "dissatisfaction with the political system." This uneven approach underscores the need for asylum procedures that involve independent administrators and judicial review.

Unfortunately, the current congressional measure sponsored by Senator Alan Simpson, a Wyoming Republican, and Representative Romano Mazzoli, a Kentucky Democrat, would virtually eliminate judicial review in asylum cases by creating "summary exclusion procedures." These would deny potential refugees information about the right to legal counsel or procedures for applying for asylum.

These proposals, far from being long-term solutions, are more expressions of frustration at having "lost control of our borders," in Mr. Simpson's words. He may be right, but the solution is not to make the system more arbitrary and political. Instead, time and resources must be devoted to making the present system work in a manner that is both fair and efficient.

To do so, several steps should be taken: • The Immigration and Naturalization Service must recruit new personnel, people who are willing and able to be trained as experts on asylum. These experts should play a greater role in decision-making, rather than relying on State Department evaluations.

• The State Department should continue to provide immigration officials with up-to-date information on human-rights conditions around the world, but should discontinue the practice of submitting advisory opinions. Too often, these are based on foreign-policy judgments unrelated to the cases at hand.

• The office of United Nations

High Commissioner for Refugees should be brought into the process in a continuing advisory capacity. Many countries, including most of the United States' Western allies, rely heavily on the expertise of the high commissioner's office.

• In cases like El Salvador, where thousands have fled civil strife, interim solutions must be considered, such as the granting of "extended voluntary departure" status — in effect, temporary permission to stay. In recent years, this has been used successfully to provide a temporary safe haven for Ethiopians, Nicaraguans, Ugandans and Lebanese.

For an administration that is seeking to change public perceptions on the issue of fairness, reform in the asylum process would be a good place to start.

The writer is executive director of the Lawyers Committee for International Human Rights in New York. Elizabeth Leiman assisted in the preparation of this article, which was contributed to the Los Angeles Times.

Asylum for Hu: A 'Splendid Offense'

By George F. Will

WASHINGTON — By defecting here, Hu Na, the 19-year-old Chinese tennis player, has performed a public service worthy of a citizen. She has caused discomfort to some persons in the United States and in China, who deserve it.

When she defected last July during a California tournament, the Reagan administration should have immediately said to Beijing: Anyone within our borders has an absolute right to apply for political asylum. This is a legal not a political process, so stay out. There is no way this process can end other than in a grant of asylum.

And this is true also for the 1,000 Chinese out of the 10,000 now in the United States who have become enemies of the Chinese regime by seeking asylum.

Instead, the administration dithered for nine months, and did so — it is glaringly obvious — for political reasons. The right decision now has been made. The appeasers have lost their battle to have Miss Hu granted something less than political asylum, some indefinite but temporary and revocable permission to remain here.

Altogether Beijing demanded it, there never was a possibility that Miss Hu would be "sent back." Persons denied asylum are not extradited to the country from which they are fleeing. They can go to any nation that will take them. Taiwan would have taken her. Would Beijing have liked that?

In the argument within the State Department, the human-rights advo-

cates defeated those persons who rise every morning wondering what they can do that day to please Beijing.

In 1980, the law governing asylum was changed, so there no longer is a presumption that persons fleeing communist countries have valid reasons for fleeing.

But when asked why she wanted asylum, Miss Hu gave persuasive reasons, including threats aimed at forcing her to join the Communist Party, and fear of becoming a victim of factional strife. She had what the law requires: a well-founded fear of persecution, were she to return.

When Miss Hu was playing for China and lost a match, her team captain would say it was a sign that "I had not sufficiently studied Marxist-Leninist thought." Her grandfather, a coach, was purged for neglecting the communist dimensions of tennis, whatever that means. A player was sentenced to a year at hard labor because he threw his racket during a match abroad — a sure sign of capitalist influence. Miss Hu has been severely criticized for fraternizing with foreigners while abroad, and "old bourgeois deviationism" — wearing tennis clothes with American brand names.

We may be past the period of ludicrous enthusiasm for China, the period when, as Daniel Patrick Moynihan says, many Americans returned from China more impressed by the absence of flies than the ab-

sence of freedom. But there is in the United States a lobby devoted to pleasing Beijing, and therefore terrified of truthful talk about Beijing.

What this lobby said was wrong with granting Miss Hu political asylum was actually what makes political asylum so pleasing: It is offensive to Beijing. Thus it is welcome evidence that the U.S. government can assert itself against Beijing.

Political asylum for Miss Hu is offensive to Beijing because it is a clear comment on China's ugly, irrational totalitarianism. (No one from, say, Denmark, could be granted political asylum.) Political asylum also is splendidly offensive because it clearly expresses disbelief concerning China's assurances that Miss Hu would not be persecuted were she to return.

In this episode, Beijing has shown disrespect for U.S. legal processes, and confidence that the U.S. government would cave in to pressure. Why? Because from the Shanghai Communiqué of 1972 through the Reagan administration's capitulation concerning arms for Taiwan (phase out sales), the United States has earned Beijing's contempt.

The fact that President Reagan's administration contrived to make a long-running problem and embarrassment out of what should have been a quick, easy decision illustrates the administration's failure to communicate certain core values to certain recesses of the bureaucracy.

The Washington Post.

Words Alone Won't Vanquish Anti-Americanism

By Flora Lewis

LONDON — President Ronald Reagan is worried about perceptions of the United States in Europe, especially the signs of anti-Americanism in the "successor generation" to people who lived through World War II and its aftermath.

Reports say he is planning a campaign to convince them that America is still the generous, reliable, believable, peace-loving country that gave their parents CARE packages, the Marshall Plan and the Berlin airlift and saved them from the Russians.

But public relations is not what it used to be. Hearing is not believing any more. The plausibility test has been destroyed — certainly not by Washington and the Reagan White House alone, but they have contributed. The news, day after day, outdoes the most fantastic thrillers. You cannot even trust fiction to be fictional any longer. It is as though the novelists have lost out in the imagination sweepstakes to the hard-eyed, real-life plotters.

Thirty years ago, when the CIA mounted a small-scale but effective coup to overthrow a pro-communist regime in Guatemala, many of us brushed off the rumors and accepted the plausible story of a Guatemalan factional fight. The rumors turned out to be true. Now we are asked to suspend belief in much more specific evidence of a similar effort in Nicaragua (once again from a base in Honduras). Infighting among Nicaraguans may be plausible too, but it is not a test.

I happened to be at a conference with some Russians in February when a column of mine appeared suggesting that too many clues had emerged to dismiss a possible Bulgar-

ian, and therefore KGB, connection in the attempt to kill the pope. The Russians were very upset and one tried to reason me out of such "irresponsible" thoughts.

Tell me, he said, "do you think it's in the interest of the Soviet Union to kill the pope?" I did not think my view of Soviet interest was relevant, but he insisted, so I answered no. "Ah, that settles it," he said with satisfaction.

"No," I told him. "It says something about my judgment of Soviet interest, but nothing about the facts. I don't think it was in America's interest either to try to kill Fidel Castro, but we know now that President Kennedy did try."

He was perturbed. There was no attempt to deny that if the Bulgarians were behind the Rome plot, the finger pointed directly at Yuri Andropov, who was then the KGB chief. Instead, he argued that it was irrelevant, dangerous, terrible to implicate leaders. "Leaders," he said, "they are so crucial, they can't be talked about this way."

My patience snapped, along with reliance on plausibility. "What are we supposed to say?" I asked. "The butler did it?"

So much has come out, on both sides. So much glints through Spanish sources tell me that when Marceline Orjeda, their foreign minister, visited Moscow in July 1981 the Russians offered to help Spain against the murderous Basque terrorists of ETA if Madrid would stay out of NATO. Moscow could hardly come closer to admitting that meanwhile it is helping ETA.

Forty-seven Soviet officials have been summarily expelled from Paris. So far there has been no explanation, but it evidently has to do with espionage, possibly terrorism. The more outlandish the story, the likelier it is to be true these days.

What is to be believed? President Reagan himself pronounces the Soviet Union the focus of all evil in the world in Orlando one week, and says in Los Angeles the following week that he wants "to restrict competition between Marxism and capitalism to the realm of peaceful contest in ideas."

He attacks the clergy for meddling in politics by supporting a nuclear freeze and appeals to other churchmen to support his policies and endorse his defense budget.

How can Americans, let alone Europeans, know where he is really leading the United States? Everything that comes out makes skepticism look nearer the mark on public affairs these days than credence, though there is also the danger of what David Reisman wisely calls "the gullibility of the cynical."

What Washington forgets in its concern about the sour-eyed look young Europeans cast on America now is that they do not believe Moscow's protests of innocence and purity either. There was anti-Americanism, a lot of it, in Europe as the Cold War congealed the hopes of a bright, clean and honest new postwar world. Attacks on "Coca-colonization" were among the slogans that splattered the walls. There was also a deal of faith in the essential promise of communism and the good intentions of Moscow. That has gone now.

There is not really a contest of ideas any longer but revulsion at grubby power games. Monstrously over-armed countries still stoop to the meanest tricks. America has the advantage when it tries to restrain its intrigues and practice more of what it preaches.

If Mr. Reagan thinks propaganda and agents will turn the tide, he is out of date.

The New York Times.

The 'Guns' Take Heat In Chicago

By David S. Broder

CHICAGO — The battle for the mayor's office here has cast an unusually harsh light on the role of paid campaign consultants in today's politics.

In the final week of this contest, voters could be forgiven for being confused. The names on the ballot, are Harold Washington, Democrat, and Bernard E. Epton, Republican. But to judge from the headlines and the television stories, the real contest is between William Zimmerman and John Deardourff, the media consultants for the two campaigns.

Mr. Zimmerman came uninvited to a press briefing where Mr. Deardourff was showing his new television spots, and accused his Republican counterpart of being "a disgrace to the profession as both practitioner and pundit."

The two exchanged charges of exploiting racist sentiments. It added a tawdry touch to a campaign that is already notably lacking in grace.

Both men created commercials that were negative, accusatory, derivative. Mr. Deardourff's early spots dwelled heavily on Mr. Washington's record of tax evasion and his temporary loss of his law license.

The tag line, "Epton for Mayor — Before It's Too Late," seemed to many a highly coded message to whites to resist the election of the city's first black mayor.

Mr. Zimmerman, in turn, showed his contempt for Mr. Epton by depicting him as a marionette, whose strings were being pulled by President Ronald Reagan and Illinois Governor James R. Thompson, a Republican.

The outside consultants are accused by the Chicago papers and television stations of exacerbating an already tense situation.

There is a degree of hypocrisy in the charge. You can walk down any street in Chicago and find cartoons, buttons and graffiti attacking Mr. Epton and Mr. Washington in far more scurrilous terms than anything Mr. Deardourff or Mr. Zimmerman would think of putting on the air. The venom in this campaign is 99-percent homebred.

And yet, one can understand the distaste for the commercials. Unlike the people in the neighborhoods, Mr. Deardourff and Mr. Zimmerman do not have to live with the aftermath of this campaign. The day it is over, Mr. Zimmerman will be back in Santa Monica, California, and Mr. Deardourff in Great Falls, Virginia.

It should be made clear it is the consultants' role, not their character, that is subject to question. Mr. Deardourff happens to be a liberal Republican, a strong advocate of civil rights and equal rights. But it is clear that the slogan he chose for this campaign — crystallized and legitimated hostility based on Mr. Washington's race, even if, as Mr. Deardourff maintains, it was intended only as a reference to Mr. Washington's personal history.

In the last 25 years, as television's role in politics has expanded, so has the influence of the "hired guns." Tearing down the opposition is, for them, often the easiest way to win an election. They bear a responsibility for the increasing negativism of American campaigns.

Their type was relatively unknown in Chicago, where, for years, "the word" was delivered by Democratic precinct captains who needed no electronic wizardry to be persuasive.

It is only as the machine has splintered here, as it did most other places much earlier, that the media consultants have taken over. Mayor Jane Byrne, a Democrat, employed the filmmaker David Sawyer in her unsuccessful bid for reelection in the February primary. He conveyed such a striking change in her combative personality that one critic said he must have "hacked" her.

But Mrs. Byrne and Richard M. Daley, splitting the white vote, gave Mr. Washington a narrow plurality victory. And Chicago's puny Republican Party asked Mr. Deardourff to show them how to exploit their best chance in 50 years to capture the mayor's office.

Both candidates are novices in big-time television politics. That has given Mr. Deardourff and Mr. Zimmerman unusually free rein.

Responsibility must rest with the parties that nominated these candidates and hired these consultants. Where you have a healthy political party, it accepts the duty of disciplining its own "hired guns." Where you have a shattered party fighting a shadow party, as in Chicago, you get the kind of mess that Chicagoans rightly resent.

The Washington Post.

LETTERS TO THE EDITOR

The 'Successors'

Regarding "Anti-Americanism in Europe Target of U.S. Strategy" (11/17, April 5):

The Reagan administration cannot understand how this better-educated "successor generation" can have forgotten so easily the admirable U.S. postwar policies that still form a solid basis for admiration of the U.S. by their parents. Studies indicate the Vietnam and Watergate experiences might have been partly responsible, so there are plans to broaden cultural and student exchanges to correct European misapprehensions.

If we had had several thousand more bright foreign students in the United States during Vietnam and Watergate, would that have generated more admiration in Europe for U.S. policies? Or if we now had more of these students in the United States to observe more closely, for example, the administration's flouting of the Congressional ban on covert U.S. action in Nicaragua; to witness more closely the mayhem in our society

caused by firearms; or to observe the increasingly common assignment of ambassadors of individuals with no qualification — would admiration of the United States be increased among the future leaders of Europe? Hardly. What we need is a change of substance, not image.

RICHARD C. ALLEN
Amsterdam.

ABM Reassurance

There seems to be an easy way to reassure the Russians with regard to the development of an anti-ballistic missile system: a commitment to offer them the whole thing, at cost, should it ever become operational.

Today we derive a certain sense of comfort from the fact that both sides — East and West — can hit each other. The official word is "deterrence." But wouldn't it be nice to have the same relative feeling of security for the opposite reason: because we could not hit each other?

L. BODMER
Zollikon, Switzerland.

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U.S.-Chinese Rift Over Defection: An Illustration of Imperiled Ties

By Don Oberdorfer

Washington Post Service

WASHINGTON — Increasingly bad relations between the United States and China, dramatically illustrated by the case of the tennis player Hu Na, a Chinese defector, threaten even more serious damage to a relationship of global importance.

The Chinese retaliatory actions, announced Thursday, are understandable only in the context of a relationship that has lost its forward momentum and is in danger of slipping backward at an accelerating pace.

There were signs in both capitals Thursday that key officials understand the danger. Beijing's suspension of official cultural and sports exchanges seemed to reflect an effort to limit its response to mostly symbolic measures that do not affect the central business of the two countries.

Washington's reaction was carefully limited as well. The tone of official comment was of sorrow, not of anger. In conversations, officials sought to emphasize the economic, political and strategic interests that the two nations share as bonds that would prevent irreversible harm to the relationship.

At the White House late Thursday, in a ceremony that had been scheduled well before the announcement was made Monday that Miss Hu had been given asylum, President Ronald Reagan received the credentials of the new Chinese ambassador, Zhang Wan-jin.

The official exchange of remarks, which traditionally are not uttered but are issued for the

record, gave no sign of the asylum dispute or the Chinese retaliatory action. Both Mr. Zhang and Mr. Reagan, according to this written record, expressed their hopes for improved relations and even for expanded exchanges between the two peoples.

But for all the efforts to limit damage, the threat remained that the anger could spill over into additional areas of Chinese-American contention.

According to one report from Beijing, which could not be confirmed here, Deng Xiaoping, China's foremost leader, told House Speaker Thomas P. O'Neill Jr., Democrat of Massachusetts, and his delegation there late last month that Chinese-American relations had deteriorated almost daily since Mr. Reagan took office.

According to this account, Mr. Deng said that virtually all of the trust and confidence built up between the two countries in the last decade had been lost.

The central problem is that China does not trust Mr. Reagan, and there is no sign that Mr. Reagan has much trust in China. A wariness in the two capitals has replaced the warmth during the administrations of Richard M. Nixon, Gerald R. Ford and Jimmy Carter, when the Chinese-American relationship was being resumed after a long postwar hiatus.

If there is a belief in good intentions all around, roadblocks can be surmounted and offenses words or deeds can be forgiven or even ignored. But without a background of confidence, even small disagreements can be the cause of suspicion and bitterness.

The current Chinese complaints, reportedly repeated to the visiting American last week by Foreign Minister Wu Xueqian, include the Hu Na case; U.S. efforts to curb

Chinese textile imports; a federal court ruling finding China in default on \$41.3 million of 1911 Imperial Chinese Railway bonds; congressional resolutions speaking of conditions for reunification of Taiwan and China; the slow pace of high-technology sales to Beijing; and the level of U.S. arms sales to Taiwan.

The most important of these is the Taiwan arms issue, which the two sides had hoped to settle in the joint communiqué of last Aug. 17. Although it averted a far more serious Chinese downgrading of relations than the steps taken Thursday, the arrangement did not satisfy either side.

The last line of a Chinese diplomatic note tied the future development of the relationship to U.S. compliance with the principles of the 1978 communiqué, on the establishment of relations and the communiqué of last August. This means that they depend first on the handling of the Taiwan issues.

The Chinese made public in the note that "a Chinese leader," in fact Deng Xiaoping, had "pointed out the gravity of the Hu Na incident" to U.S. Ambassador Arthur W. Hummel Jr. in a meeting marking the completion of the joint communiqué on Aug. 17, Miss Hu defected in July.

A series of other representations about the tennis star followed, including a warning to Secretary of State George P. Shultz during his trip to Beijing two months ago.

Why the Chinese chose to allude to Mr. Deng's involvement, when his pleas fell on deaf ears here, is a mystery. It is one more sign that much more than tennis was at stake in the case of the 19-year-old athlete.



Xinhua, China's official news agency, on Friday released this photograph of Hu Na's family at home in Chengdu, in Sichuan province in central China. From left are: Hu Bo, her brother; Hu Yunfu, her father; Wen Ruying, her mother; and Hu Shan, her sister.

Vietnamese Accused of Massacre

By William Branigan

Washington Post Service

KHAO-I-DANG CAMP, Thailand — The leader of the main noncommunist guerrilla group resisting the Vietnamese presence in Cambodia accused Vietnamese troops Friday of slaughtering hundreds of Cambodian civilians at a refugee camp on the Thai-Cambodian border.

Son Sann, the head of the Khmer People's National Liberation Front, charged in a speech here that Vietnamese troops had killed Cambodian civilians with hand grenades and bayonets after herding them into trenches and bunkers. He said the killings had taken place Monday at the O-Smak settlement on Cambodia's northern border with Thailand.

Aides to Mr. Son Sann claimed that at least 300 Cambodians had

been killed in the incident, which reportedly occurred after most of the camp's population of nearly 30,000 had evacuated it to escape the current Vietnamese offensive in western Cambodia.

It was not immediately possible to confirm the claims independently.

Mr. Son Sann made the charge during a tour of the border area, as fighting between Vietnamese troops and Cambodian resistance groups abated.

He appealed to the United Nations and the international community to "intervene without delay to put an end to the genocide of the Cambodian people by the invading and occupying Vietnamese troops in Cambodia."

Officials of Mr. Son Sann's organization said they learned of the alleged massacre from survivors

who were brought to a hospital at Kap Choeu in Thailand, about 12 miles (19 kilometers) north of the O-Smak camp, which was overrun by Vietnamese forces after their current offensive began.

Western relief officials confirmed that the hospital currently holds 74 wounded Cambodians from O-Smak. But they said they had not visited the camp itself and had no first-hand knowledge of the alleged massacre.

The camp was defended by a few thousand fighters loyal to the former Cambodian head of state, Prince Norodom Sihanouk, who leads another noncommunist resistance faction.

According to an aide, at least one Vietnamese soldier also was wounded in the incident and was brought to the Kap Choeu hospital.

Japan to Vote Sunday In Key Local Elections

Reuters

TOKYO — Japan votes Sunday in important local elections that could lead Prime Minister Yasuhiro Nakasone to call a general election in June or July.

Attention is focused on the election of governors in 3 of 13 prefectures — Tokyo, Fukuoka in the south and Hokkaido in the north.

Political analysts believe that Mr. Nakasone, who must call an election in the next 14 months, will decide on a general election in mid-summer if candidates of the governing Liberal Democratic Party win decisively against Communist and Socialist candidates in these three races.

The party is divided over whether to call an election, with Mr. Nakasone's principal backer, former Prime Minister Kakuei Tanaka, in favor and other party leaders opposed.

Mr. Tanaka is believed to want to strengthen his position in the party with a general election victory before he faces court judgment in October for his alleged role in the 1976 Lockheed payoff scandal.

An election to replace half the members of the upper chamber of the Diet, the House of Councillors, is due in June or July. Analysts say Mr. Tanaka would want an election for the lower house to be held at the same time because it would improve the turnout, which would benefit the governing party.

The Liberal Democratic Party was returned with a landslide victory in 1980, the first time voting was held simultaneously for the two houses. Analysts attributed its victory partly to a large turnout.

Analysts say Mr. Nakasone is hesitating over accepting Mr. Tanaka's advice to call an election

for the lower House of Representatives because his popularity has diminished dramatically because of his stands on defense and rearmament since taking office in November.

They say other leaders of the party, especially former Prime Ministers Takeo Fukuda and Takao Miki, oppose an election for both houses in midsummer because they fear it would increase Mr. Tanaka's influence on the Liberal Democrats and Mr. Nakasone.

Japan Prepared To Grant China Expansion Loans

Reuters

TOKYO — Prime Minister Yasuhiro Nakasone Friday told Deputy Premier Yao Yilin of China that Japan was ready to extend an unspecified amount of loans to China for development projects, government officials reported.

Mr. Nakasone told Mr. Yao, China's leading economic planner, that the matter should be discussed by experts of the two governments. He made the remark when Mr. Yao called for an early settlement of China's request for loans to finance various projects.

A Foreign Ministry official said last month that Beijing had sent Tokyo a list of 12 projects for which it hoped to obtain Japanese financial help.

The Japanese prime minister agreed with Mr. Yao's proposal to hold a cabinet-level meeting in the autumn and to reach agreements before then to avoid double taxation and to protect investments.

U.S. Sees 'Overreaction' In Retaliation by Chinese

New York Times Service

WASHINGTON — The State Department has said that China's decision to cancel this year's remaining cultural and sports exchanges with the United States was an "overreaction and inappropriate" response to the granting of political asylum to tennis player Hu Na.

In a statement, John Hughes, the State Department spokesman, said, "The United States government re-

jects this unilateral decision by the Chinese side and considers it to be an overreaction and inappropriate. "These exchanges are valuable for the peoples of both countries and we regret any action to curtail them."

Mr. Hughes said the U.S. understanding was that the Chinese action was limited to the government-to-government exchanges and did not affect the student program. There are more than 10,000 Chinese students in the United States and several hundred Americans in China.

It is also believed not to affect private exchanges worked out by U.S. institutions directly with their Chinese counterparts.

Despite the restrained comment by Mr. Hughes, some high-ranking officials expressed annoyance in private over Chinese actions in recent months toward the United States. One official said that the Chinese did not seem to understand the political realities in the United States or the way the U.S. system of government is organized.

The Chinese have been irritated at curbs placed on Chinese and other countries' textile exports to the United States and by a court decision ordering payment for bonds of the old Imperial Chinese government.

"The Chinese seem to think that President Reagan can wave a wand and things can happen," one official said. "Maybe it's true in China, but not here."

Sikh Chief Urges Day of Mourning

Reuters

NEW DELHI — A militant Sikh leader in India's northern state of Punjab called Friday on Sikhs around the world to observe a day of protest and mourning for people killed Monday in clashes with police.

The Sikh leader, Harbans Singh Longowal, said in Amritsar that the Sikh party Akali Dal had decided at a top-level meeting Thursday night to ask Sikhs and Punjabis all over the world to observe April 17 as a day of protest and mourning, the Press Trust of India reported.

At least 21 persons were killed and 200 injured Monday when Sikh agitators in Punjab seeking to press political and religious demands battled with police.

INTERNATIONAL POSITIONS

EDINBURGH INTERNATIONAL FESTIVAL FESTIVAL DIRECTOR

The Edinburgh Festival Society is seeking a Festival Director to succeed John Drummond whose contract expires on 30 September 1983. This is a full time appointment and initially a five year contract is envisaged with a review after three years.

The Lord Provost of Edinburgh, as Chairman of the Society, invites applications, with curriculum vitae, or nominations to be sent to him marked "FESTIVAL DIRECTOR" at 21 Market Street, Edinburgh, EH1 1BW. Further information should be obtained from the same address. Salary and date of commencement will be by negotiation. Closing date for applications April 30.

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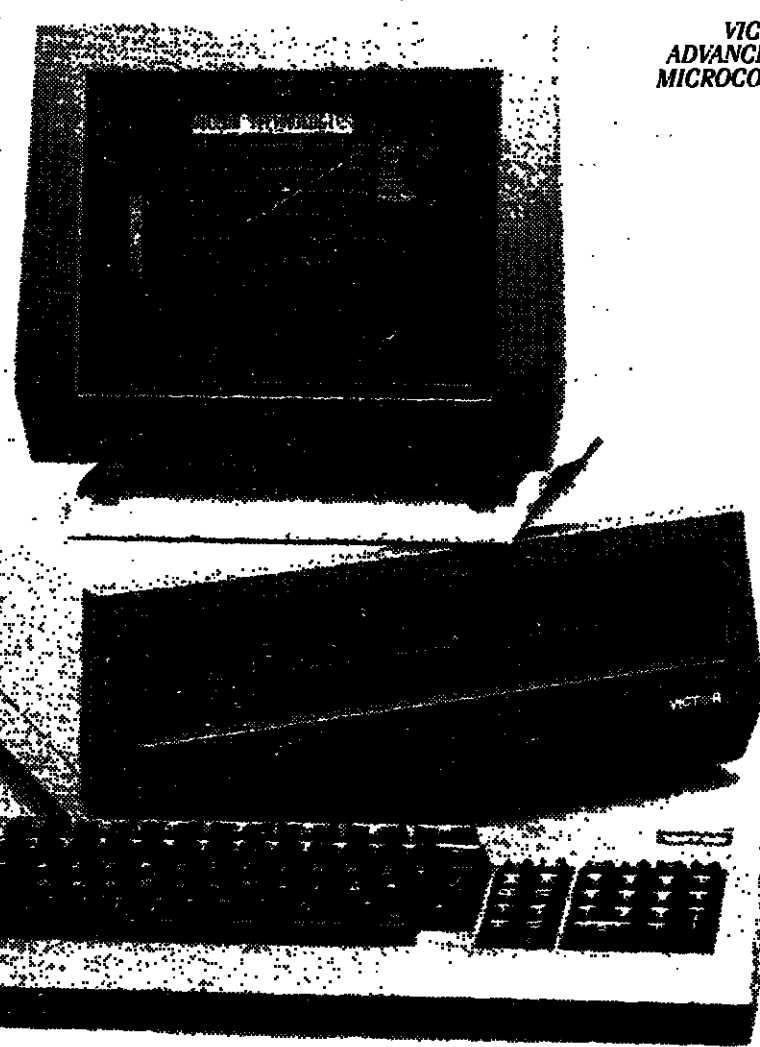
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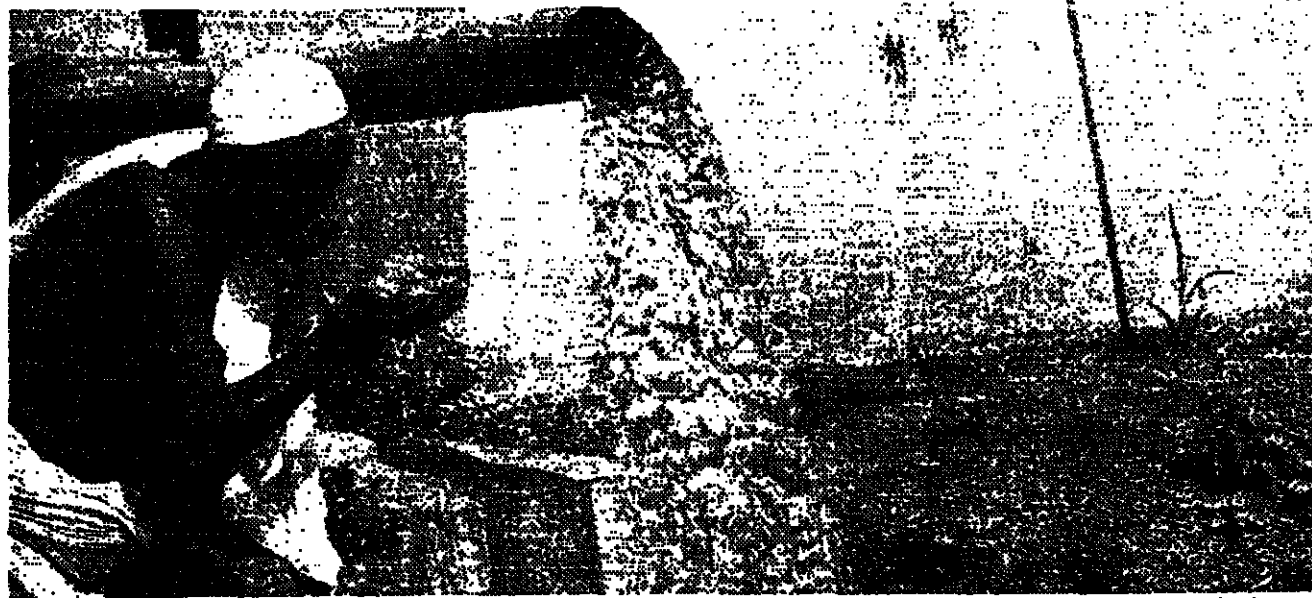
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A Yemeni drinks from an experimental well at Wadi Zabid in the lowlands of North Yemen.

Herald INTERNATIONAL Tribune

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AGRICULTURAL DEVELOPMENT IN THE ARAB WORLD

A SPECIAL REPORT

Price Subsidies Said to Play Major Role in Output Decline

By Joseph Fitchett

WASHINGTON — After 20 years of industrialization, Egypt remains agrarian: most people live in the country. Travelers in Egypt find it difficult to believe that farm policy is anything less than a full success: the funnel of rich land split by the Nile is crisscrossed with healthy crops pushed to the desert.

Yet, farmers and administrators are dissatisfied and Egypt's recent agricultural performance has proved increasingly disappointing.

Thus said a World Bank report on "Agricultural Pricing in Egypt," which encapsulates expert analysis of Egyptian agriculture today. Among the many reasons that the pusher of oil wealth in the Middle East has coincided with an overall decline in agricultural growth rates, the single most significant factor appears to be over-extensive government intervention in Egypt and other Arab countries, notably to fix farm prices.

The general background, as explained by Afif Kurburi in "Arab Resources," a new book by the Georgetown Center for Contemporary Studies in Washington, is that farmers have faced higher production costs because heavy emphasis on urban industrial development has diverted investment from agriculture. To transfer savings and people to infant industrial sectors, governments have quietly taxed the farmers in favor of city dwellers.

In addition, as agrarian workers migrate to the cities, they increase the size of poor urban populations that governments consider politically threatening. Hence the widespread practice of subsidizing basic food to placate urban populations — a practice that started in Egypt with U.S. food aid in the 1960s and that has become increasingly expensive. And, it is hard on the farmers, who pay part of the cost.

In a World Bank study, Egyptian agriculture was criticized for a slowdown in yield growth of many important crops, including sugarcane and cotton. The adverse trend is gaining strength to the point where food import costs in Egypt have become an important competitor for the foreign exchange needed for continued industrial development.

The main farming complaint, the report said, is low farm-gate prices, which result from the government's attempt to ensure cheap food for city dwellers.

The government forces farmers to produce certain agricultural products and then buys these products at less than market prices. The crudeness of the system, several experts said, reflects the Egyptian bureaucracy's difficulties in coping with a more selective, complex system of getting food cheap to the market without penalizing farmers.

The result, according to a U.S. Agriculture Department specialist, John B. Parker, is that Egypt's low farm prices and monopoly system provided \$1 billion in savings to the Cairo government last year.

In return, the authorities provided cheap feed, seed, fertilizer and pesticides — to the value of about \$200 million.

In other words, Egypt's farmers paid a hidden tax

of nearly \$800 million to subsidize Egyptian consumers. The real price of bread for example, has declined over the last 15 years — producing an increase in per-capita consumption and beggaring farmers further.

This classic pattern in developing countries — favoring the politically important cities and military at the expense of the countryside — is a vicious circle. The longer it goes on, the more peasants drift to the cities' slums, reducing the country's agricultural potential and increasing the pressure on the government to provide cheap food. In the end, this can only be achieved by imports, which must be paid for out of limited supplies of foreign exchange and then subsidized by the central government. (A recent development is that Egypt, Iraq and other Arab countries are starting to subsidize food in rural areas to match the example of Iran.)

These subsidies — and the accompanying government intrusion — have had the effect of driving farmers into cropping patterns that are shortsighted. In Egypt, for example, cotton and rice are fully controlled, while wheat is much freer. As a result, many Egyptian farmers are shifting out of cotton to wheat to escape the government network and to operate in a cash economy.

Yet, as the World Bank study pointed out, Egypt's soils are not wheat or grazing lands — meat is another lucrative farm product in Egypt today. They are capable of producing the world's finest cotton and horticultural products. That is where Egypt's competitive advantage lies, agrarian economists said.

Here emerges another perverse side effect of subsidies for staples in Egypt: more income is available to be spent on domestically produced — unsubsidized — commodities, notably fruits, flowers and vegetables — which have tremendous unrealized export value.

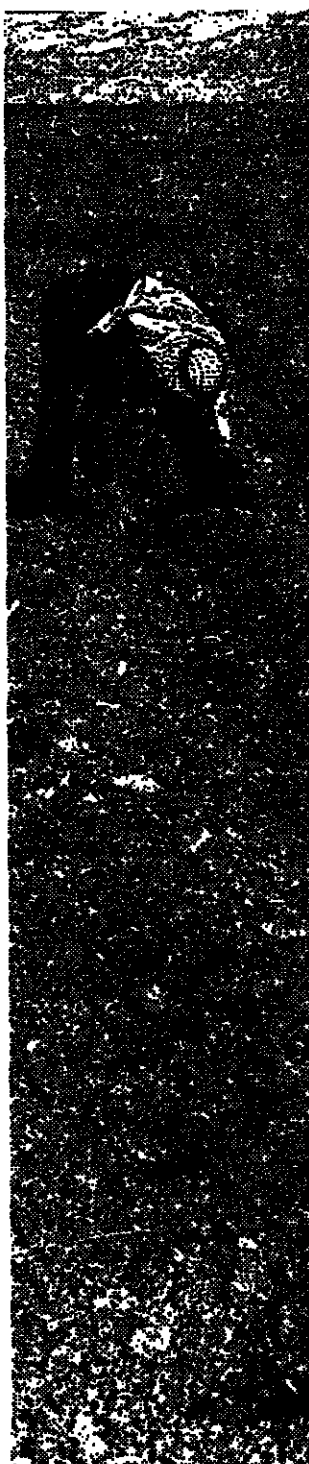
To pursue Egypt's long-term interest, the World Bank study said, Egypt should gradually move toward fewer physical controls on farming and adapt its system of prices and subsidies to encourage Egypt's farmers to compete in the international system.

Mr. Parker, who has long experience in the region, makes more modest proposals for reform. The major problem with the subsidy program, he said, is that it is untargeted: cheap food goes to all urban dwellers wealthy or poor.

The program should be targeted for the poor, then cut back gradually, he said in an interview.

Until recently, the Egyptian government has been doing just the opposite, thus promoting urban growth at great cost to government solvency and even stability. Urban sprawl has now even started eating into Egypt's limited arable lands.

Last year, however, Egypt's agriculture department advocated fresh increases in prices paid to farmers. If these more farmer-oriented bureaucrats manage to reverse the bad habits in Egypt, which has been an agrarian model for many other Arab states, the new trend could have sweeping long-term implications for the region.



A Jordanian farmer checks new plantings in his field.

Food Demand Outpaces Growth Of Local Agriculture Industries

By Alan Richards

SANTA CRUZ, California — One of the most serious problems facing the Arab Middle East is the region's growing inability to feed itself. Sluggish agricultural growth constitutes the Achilles' heel of the 1970s oil boom. Demand has soared with rapid population growth and accelerating urban incomes. But domestic supply has responded slowly and unevenly. Consequently, imports of food per capita are the highest of any developing region.

Syria, Morocco and Tunisia import more than one-third of their cereals; Egypt and Algeria import more than half of the basic staple. Jordan imports all of its wheat, while the sheikdoms of the Gulf import nearly all of their food. The result is mounting food import bills and a near obsession with "food security."

The imbalance occurs because supply cannot keep up with galloping demand, spurred by high rates of population increase, rapid income growth and the tendency to spend a high percentage of increased incomes on food.

In the three most populous countries — Egypt, Morocco and Algeria — supply lags behind population growth. Even in the more successful countries — Syria and Tunisia — domestic supply has been unable to keep up with demand, growing at 5 to 8 percent a year.

Few developing countries have achieved agricultural growth rates greater than 5 percent a year, while the average for all middle-income countries for the last decade was under 3 percent.

Governments' and private individuals' responses have been constrained by a difficult natural environment, an unfavorable historical legacy and the ambiguous impact of oil wealth. Rainfall is both infrequent and erratic, rendering planning difficult.

Since modern high yielding variety seeds depend upon ample and regular water supplies, the Green Revolution has yet to affect much of the region. Nor has much technology tailored for such areas been developed.

Governments have tried to remedy the lack by expanding irrigation. Two problems have plagued these efforts. One is "bigness": the desire to build huge, "prestige" projects, such as the Aswan Dam in Egypt or the Tabqa Dam in Syria. Planners have been disappointed by soaring costs and shrinking benefits, especially for the land reclamation projects that usually accompany such plans. Second, high costs, heavy demands of other projects and simple myopia have led to a neglect of drainage. Since irrigation without drainage chokes the soil and poisons plants with salt, agricultural disaster results. Large areas of Upper Egypt, Iraq and Syria are seriously affected.

Arab agriculture faces socio-political as well as ecological difficulties. Two constraints stand out: land tenure systems and the twin evils of urban bias and rural neglect. Although land in the Arab world is more equitably distributed than in Latin America, the situation is worse than in East or Southeast Asia. In areas that have not experienced effective land reform, large, modern, highly capitalized farms owned by a

wealthy minority co-exist with the small, scarcely viable dwarf holdings of the rural majority.

Often the legacy of colonialism and even earlier inequalities, such as "bimodal" land tenure systems, are both iniquitous and inefficient. Often, the large farmers are able to take the most of credit-subsidized inputs and other government aids. They invest in labor-saving, and employment-reducing, mechanization and produce luxury foods, such as fruits, vegetables and stall-fed livestock. Meanwhile, population pressure and Modern inheritance law leads to ever-smaller dwarf holdings.

Some countries — Egypt, Syria, Iraq and Algeria — launched land reform programs in the 1950s and 1960s. These reforms removed the largest landholders, however, a relatively small percentage of the total land area was affected — in Egypt, 12 percent. Worse, often the state removed the large landlords as suppliers of marketing, credit and inputs to small farmers without a replacement.

The Egyptians did best with their system of cooperatives, and other countries tried to emulate them. But because some governments lacked the cadre and the will, many farms were abandoned. In other cases, the newly created farms were too small to be viable and the peasants deserted them. Some countries, like Syria, seem to have recognized this problem and taken steps to correct it. Others, like Iraq, seem to be more doubtful.

The long history of "urban bias" exacerbates the problem. Governments in the region always have been based on the cities. Only a few, like the Syrian government, draw their main political support from the countryside. This history, joined with the rush to industrialize, spawned policies which either discriminated against agriculture or abandoned it to underdevelopment.

The rural sector received a relatively low share of public investment in many countries, while discriminatory price policies and political uncertainty often deterred private investment.

Although most governments talk about spreading education and literacy, in many countries, the majority of the rural population, especially women, remain illiterate. And, the poverty, urban bias, illiteracy and poor living conditions give agricultural work, including service in research and extension, a low status.

Oil wealth has added new dimensions to the agricultural barriers of difficult ecologies and unfavorable histories. On the one hand, oil has contributed to the food imbalance on both the supply and the demand sides. On the other, it has given some governments unprecedented resources and has stimulated rural changes that may, in time, transform the Arab countryside.

Expanding urban incomes and accelerating rural-to-urban migration, lured by the urban construction and services boom, increased food demand. But supply, constrained by history and nature, lagged behind.

Even worse, the oil boom created new constraints. Appreciating oil currencies and drastically improved terms of trade favored imports over domestic production. A barrel of oil bought a bushel of wheat in 1970, six bushels in 1980. Labor migration, affecting all countries,

led to cries of "labor shortages" even in crowded Egypt.

Rural wage rates soared, but farm prices were held down, catching farmers in a profit squeeze. Even when governments left prices alone, imports were large enough to hold down prices to farmers. It was difficult for the area to provide adequate incentives for the hard, risky, tedious work of agricultural production. And even heavily subsidized Saudi farmers complain of competition with U.S. and European subsidized exports.

The incentive problem was made worse by the fact that oil rents "trickled down" throughout these societies, affecting both oil exporters and the oil-poor, labor-sending countries. Why should an Arab farmer break his back in the fields when he could enjoy subsidized food, shelter, medical care and education in the oil states, or flock to Cairo for a construction job, or leave North and South Yemen to work for the Saudis at 10 times the pay at home?

Such labor emigration led to neglected terraces in North and South Yemen, collapsed villages in Oman, while the large-scale migration of Sudanese nomads to the Gulf reduced livestock supplies in that country.

Some governments have increased producer prices, although many farmers complain that this is a case of "too little, too late." Most states have increased their spending on public agricultural investment, devoted more attention to dry land agriculture and intensified rural literacy campaigns. Governments have more resources than before, and their food security fears have fostered these innovations. They also hope to mitigate the political disruption of the flight from the land.

The Saudi government offers farmers nearly six times more for their wheat than world prices and provides other subsidies and inducements for farmers. The results have been impressive rates of growth of farm production and some braking of the disintegration of Saudi rural society. Both, however, were purchased at a price that none of the more populous Arab countries can afford.

Private individuals also have actively responded to the food gap. Local farmers have increased production of high-value crops — without price controls — such as fruit, vegetables and livestock products. But since such foods are mostly eaten by rich people, the benefits of this response are unequally spread. Such farmers have been actively mechanizing their farms. Tractor use has grown by more than 30 percent in the region; in some countries it has tripled.

The pressures on small peasants may intensify. Worse, should large numbers of workers return to Egypt, North and South Yemen, the Sudan and Syria from the Gulf, the employment problem may be severe indeed. Unemployed peasants provided many of the troops for the demonstrations that overthrew the Shah of Iran. It remains to be seen how governments will deal with the problems of agriculture when budgets fall and workers return as a result of the decline in oil prices.

Food Imports in Arab Middle East Near Record

WASHINGTON — Booming Western food sales to the Arab nations tell a dramatic story of growing Arab agricultural dependence — and highlight the sharpening international competition for this lucrative market.

While regional agricultural output is up nearly 50 percent, compared to the 1960s, food imports to the Arab Middle East have rocketed from \$1 billion in 1970 to \$32 billion last year. A record of \$35 billion is expected this year, according to the U.S. Department of Agriculture.

Nowadays, European Community farmers are supplying nearly one-third of the region's imports. Most of these sales — nearly \$9 billion last year and expected by the U.S. Agriculture Department to top \$11 billion this year — comprise high value-added items: dairy products, meat, sugar and consumer-ready items, according to the U.S. Agriculture Department's latest review of the Middle East market.

The Middle East and North Africa accounted for about 11 percent of the world's agricultural imports in 1981. Wheat, the main component of most people's diet in the region, was the principal commodity imported, but meat and luxury consumer goods increasingly are in demand.

To recapture a larger share in this market, the Reagan administration is providing easier credit terms and other arrangements to help U.S. farmers compete more effectively with exporters from the European Community, whose exports to the market are roughly three times larger than U.S. sales.

In addition, newly industrialized countries, such as Brazil, are making spectacular inroads into what was once a U.S.-dominated market.

The pattern of Arab food imports reveals a double trend of advancing social progress that outpaces agricultural development during the oil boom. The rising demand for food in the Arab countries reflects population growth (including immigrant workers from the West and Asia).

More significantly, the imports reflect improvements in local diet as a result of new wealth. Regionally, per-capita food consumption is growing about 6 percent annually — roughly double the rate of population increase. As oil revenues have increased foreign-exchange availability, food has become more accessible through better market-

ing and distribution, both increasing overall consumption and upgrading people's tastes.

Governments' ability to meet people's expectations about getting food has become an element of political stability. In Egypt, for example, where cheap bread has been a staple ever since the U.S. aid programs of cheap wheat in the 1960s, the government in Cairo feels compelled to continue costly subsidies to offset the cost of expensive imported Western-supplied wheat and flour. War-torn Iraq is rapidly expanding its food imports — notably from the United States — to compensate for lost farm production in the battle zone. Iraq is under special pressure to match the popular success of Iranian leaders' new program of distributing more free food, even in rural areas — a policy that has increased Iranian imports (including 50 percent of Danish cheese exports).

This trend away from self-sufficiency in food prevails throughout the region: supermarkets are opening faster than productive farms, particularly in arid countries. So there is no end in sight for the import binge.

Subsidies, which most Arab countries use to shape their food-

supply pattern, cannot break this pattern of dependence. When poorer countries like Egypt subsidize the local sales price of imported wheat, it depresses local production because Egyptian farmers cannot compete. Saudi Arabia, at the other end of the wealth spectrum, pays astronomical subsidies for locally grown wheat and vegetables (and for sorghum imported from Saudi investors' farms in Sudan), and these subsidies probably can never be significantly reduced without disrupting production.

For the foreseeable future, because of the region's spectacular growth and adverse climate, the market for imported food appears likely to continue booming. Even if oil prices stagnate, food will be the last consumer item to suffer from falling sales.

This bullish forecast has fueled the already bitter international scramble for Arab markets. In contrast, the U.S. market share, which used to be dominant in much of the region, has dropped to less than one-tenth, just less than \$2 billion last year and perhaps a little more than \$3 billion this year. The bulk of U.S. exports is grain.

The most recent big U.S. sale was a \$230-million sale of wheat and other grains and eggs, seeds and animal fodder to Iraq, whose U.S. food imports are expected to top \$1 billion next year. This example of Iraq's need to buy food (and U.S. need to sell its farm surpluses) typifies how the agricultural business is becoming big enough to transcend many political obstacles.

— JOSEPH FITCHETT

Saudi Arabia Expands Production of Wheat

By Randall Palmer

RIYADH — Wheat is the kingpin of Saudi agriculture, and its government-supported production is growing so fast that the Saudis are embarked on a major silo expansion.

In 1977, Saudi Arabia produced 3,000 metric tons of wheat, which the Saudis consider wheat vital to the country's security, the government stimulated a hundred-fold increase to about 300,000 tons last year, a Ministry of Agriculture and water official in Riyadh said.

This rise in wheat growing came about through continuing direct and indirect government subsidies to farmers. And the ministry forecasts the harvest this spring will jump from 300,000 to 600,000 tons and hopes for self-sufficiency — about 800,000 tons — in two or three years.

The government grain silos and flour mills organization, which buys most of the wheat produced in the kingdom, is finishing an expansion of its silos around the country to hold 535,000 metric tons. But in January, before the others were finished, new contracts were awarded to boost the capacity

more than 50 percent to 835,000 tons, more than a year's requirement.

In announcing the contracts, the director-general of the grain organization, Ahmed Shinsawi, said the country was trying to meet storage needs for increased local production and to build up Saudi Arabia's strategic stockpile.

Switzerland's Buhler Brothers have turnkey contracts worth \$133.1 million to build extra silos in Riyadh and Qassim, a major breadbasket 325 kilometers to the northwest of Riyadh, and to build the first silos in Hail, 240 kilometers further northwest. The Riyadh and Qassim silos are to be finished by April 1984, in time for harvest; the Hail ones are to be ready to take some of this year's harvest in June.

Buhler Brothers also will expand the flour mill in Jeddah by 600 tons a day to 1,800 tons, raising kingdom-wide capacity to 3,000 tons.

While the grain silos organization is the main agent for encouraging the growth of wheat, money is the main tool. Under most circumstances, farmers would be crazy not to sell their wheat to the organization — and indeed would usually be smart to grow wheat rather than other crops — as the price is fixed at about \$1,000 per ton. That is about \$28 a bushel, roughly seven times the world market price.

The direct subsidy is, therefore, about \$860 per ton, compared with only \$73 per ton for corn, sorghum and dates and \$44 per ton for barley and millet.

The subsidy led to sales to the organization of about 240,000 tons last year. But there is one outlet even more profitable for some wheat. The official said that more than 50,000 tons of low-yield wheat is sold on the market at about twice the price offered by the government. Saudis consider it higher in protein and better in their local

"If identity and ample resources mean anything, the Islamic Middle East forms a regional whole that is unmatched in the developing world. In a complementary system of free trade, in which the region's countries specialized in cultivating the crops they produce most efficiently, Egypt might be expected to specialize in sugar and cotton, the Sudan in corn, edible oils and animal raising, Pakistan in rice and cotton, Turkey and Syria in wheat and Lebanon in fruits and vegetables. Collaboration would also extend to the manufacture of farm machinery, fertilizers and other imports, as well as sharing agricultural research."

— Marvin G. Weinbaum, "Food, Development and Politics in the Middle East."

Besides allowing for more acreage to be cultivated, pivot irrigation has increased the yield per acre. All the land on an irrigated plot receives the right amount of water and the soil becomes saline less quickly as less of the mineral-rich water flows over the ground.

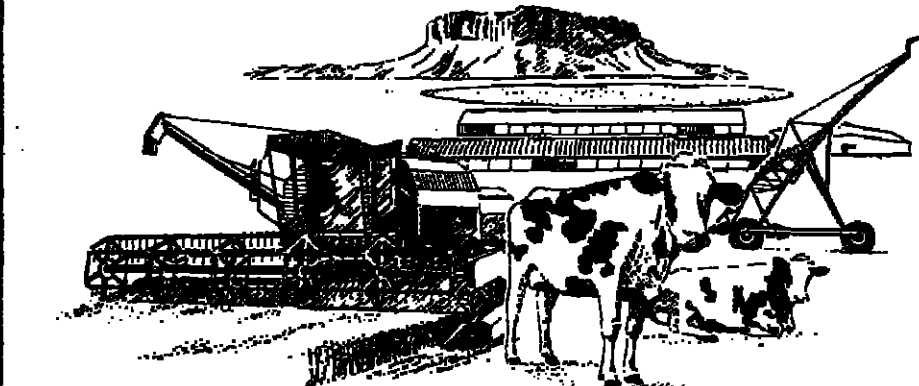
Saudi Arabia thrives in other agricultural sectors as well, and self-sufficiency continues to be a major goal, but nowhere is the pride and the emphasis greater than on wheat. Some producers do not receive a subsidy on the purchase price — for example milk, tomatoes — although input subsidies are available.

The reason, even if costly, is security. A government spokesman said, "There are wars all around Saudi Arabia, and there could be more wars — even World War III. But if we have wheat, even if there are wars, we will be able to eat. We smiled, patting his stomach."

Wheat is better than tomatoes or potatoes, he said, because of the importance of bread in the diet, and also, "tomatoes go bad in 10 days; wheat is good for two years — and can be stored easily."

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AGRICULTURAL DEVELOPMENT IN THE ARAB WORLD

Selected Arab Countries' Agricultural Imports 1979-'82

Total Agricultural Imports

Importer	1979	1980	1981	1982
Egypt	2,523	3,363	4,012	3,960
Morocco	789	942	1,180	1,450
Algeria	1,634	2,450	3,100	3,400
Libya	893	1,103	1,200	1,600
Syria	430	531	580	700
Jordan	389	439	500	600
Iraq	1,379	1,988	2,201	2,800
Iran	2,128	2,775	3,473	4,350
Saudi Arabia	3,088	4,400	5,970	6,700
Kuwait	798	1,012	1,300	1,470
UAE	930	1,330	1,200	1,300

EC Exports to Selected Arab Countries (Millions of Dollars)

	1979	1980	1981	1982
Egypt	456	861	1,100	850
Morocco	309	370	500	620
Algeria	487	731	880	970
Libya	398	573	685	840
Syria	199	287	315	380
Jordan	119	141	170	200
Iraq	229	399	500	790
Iran	352	871	1,260	1,520
Saudi Arabia	710	1,024	1,370	1,950
Kuwait	146	198	285	300
UAE	173	295	314	300

U.S. Exports to Selected Arab Countries (Millions of Dollars)

	1979	1980	1981	1982
Egypt	601	770	967	
Morocco	94	133	158	
Algeria	1,261	176	291	
Libya	18	15	14	
Syria	46	26	35	
Jordan	32	71	65	
Iraq	146	255	125	
Iran	415	8	248	
Saudi Arabia	326	373	466	
Kuwait	23	47	60	
UAE	44	114	59	

Widespread Shortage of Water Threatens Region's Hopes for Food Self-Sufficiency

By Anne Chamock

LONDON — Plans by Middle East countries to import quantities of fresh water reflect the dire situation that many countries in the area face in finding water. Development has been curtailed because of acute water shortages.

A United Nations seminar, to be held in May in London, will discuss the possibilities of empty oil tankers carrying fresh water ballast to the Middle East where the water would be used for irrigation. In desperation, governments even have considered proposals for towing icebergs from polar regions to their coastlines. More recently, the Japanese suggested that mountain-size inflatable tents could be sited along the peninsula shoreline, which, theoretically, would force cumulus clouds to form and to produce rainfall.

But apart from such fantastic ideas, improved old and new technologies — such as dams, reservoirs, lengthy pipe systems, desalination, treated sewage, hydroponics, sprinkler and trickle irrigation — have become the basis of major investment programs to get and to conserve water.

Of all the Middle East countries probably the best-endowed with water resources is Iraq, with two of the region's mightiest rivers, the Tigris and Euphrates. To increase irrigated land, Iraq is building dams, the most prestigious of which is the \$1-billion, 100-meter-high Mosul dam. It will retain water from the upper Tigris to irrigate 100,000 hectares on the Jezira Plain. The Haditha dam on the Euphrates, due for inauguration in 1985, will supply irrigation projects in the Euphrates basin.

Perhaps the greatest difference in the region exists between Iraq and its neighbor, Kuwait, where most of the country's water comes from desalination plants.

According to the U.S. Agency for International Development's desalination manual, one-third of all desalination plants are in the Middle East and North Africa, with two-thirds (5 million cubic meters a day) of worldwide capacity.

shows were dispatched to collect water from the Sheat al Arab — the lowest reaches of the Tigris in Iraq — for Kuwait. More recently, plans have been agreed upon to pipe water from these Iraqi sources, though work has yet to start.

Such are Iraq's resources that a second major export of its waters has been agreed upon with Jordan. Designs are being prepared for a \$1.5-billion, 600-kilometer pipeline from the Euphrates River, downstream of the Syrian border, across lava flow deserts and mountain ranges into northern Jordan. Commissioning could take place by 1990 and upon completion, transfers are to reach 160 million cubic meters a year.

A similar sum of money will be spent by Jordan on the long-proposed Maqarin Dam. Delays have resulted because of the dam's location, straddling the border with Syria on the Yarmouk or Jordan River.

In Syria, too, a single dam is the center of agricultural planning. The 4.5-kilometer-long Euphrates dam, inaugurated in 1978, eventually will bring 640,000 additional hectares under irrigation, doubling existing irrigated lands.

These are problems of flood control as well as of water supply on the Arabian Peninsula. River systems are fed by erratically flowing wadis which can produce devastating flash floods.

In North Yemen in March last year, 500 people died, hundreds of kilometers of irrigation networks were destroyed and thousands of wells were filled with silt because of flash floods. In the Abyan delta, where 80 percent of the country's agricultural output is grown, up to 6,000 hectares of irrigated land were washed into the sea.

Across the peninsula, groundwater sources are depleting rapidly. In some coastal areas of Qatar, for example, seawater is encroaching on freshwater aquifers by one kilometer a year from overpumping.

Other countries, too, are approaching crises — Bahrain, North Yemen, the United Arab Emirates and Kuwait.

The only solutions are to create more reservoirs that will recharge

aquifers or to restrict new drilling and extraction from existing wells. Many countries have attempted this latter policy. The United Arab Emirates recently introduced a total ban on well-drilling in the country's northern region.

Alternative sources of water must be found and, to date, desalination is the preferable water-retrieval method in countries with plenty of cash. Saudi Arabia aims to have 18 plants by 1985 producing nearly 1.5 million cubic meters a day.

In February, King Fahd inaugurated a plant to take desalinated seawater inland from the world's largest desalination plant at Jubail to Riyadh, a distance of 470 kilometers. The water is conveyed by a \$4-billion pipeline, said to be the second largest continually welded water pipeline in the world.

The Bahrain government hopes to increase desalination capacity. Bahrain's most recent contract is for a 46,000-cubic-meter-a-day plant at Ras Abu Jagar.

Qatar is building the world's largest combined desalination and gas turbine power complex at Ras Abu Futas, which will yield 270,000 cubic meters a day.

But as desalination is costly, governments today are trying the production of treated sewage as a nutrient-rich source of irrigation water.

Potentially, the health risks are high and outbreaks of dysentery have been reported in Saudi Arabia as a result of treated sewage. The Food and Agriculture Organization has stressed the need for further research, aimed at finding a method conserving nutrients while removing toxic elements and pathogens from waste waters.

Other cities — Tehran, Cairo — are planning to re-use their sewage effluents.

With Arab countries thus exploiting their surface and underground water sources virtually to the limit, it is understandable why any new idea, however bizarre, is scrutinized. Water has become the limiting factor in all plans, and for many countries no expense will be spared in developing new resources.

Controversy Surrounds Kenana Project in Sudan

By David B. Ottaway

KENANA, Sudan — On the fertile dark soil of the savannah plains along the white Nile, the world's second largest sugar mill and refinery finally has begun production — a reminder of the Sudan's past dreams of prosperity as the imagined "breadbasket" of the Arab world.

The 83,400-acre sugarcane plantation, with an ultramodern plant capable of producing 330,000 tons annually, cost somewhere from \$700 million to \$800 million to put up and is without a doubt a monument to Western technology and ingenuity.

It was built 200 miles south of Khartoum, and its constructors faced obstacles from the absence of roads to the site to repeated shortages of capital to cover huge overruns on the projected cost of \$100 million to \$125 million.

Now that it is operating, the plant has given new hope to the government and outside investors that the ailing Sudan is, as one Western analyst put it, "beginning to get back on the right path" after years of wallowing in economic mismanagement and stagnation despite its natural enormous land and water resources.

Yet, controversy still swirls around Kenana, which stands as a test case of a theory of economic development fashionable in the mid-1970s called "trilateralism." The idea was to combine Western technology and Arab "petrodollars" to tap Africa's vast agricultural resources. The question remains, however, whether the supposed beneficiaries, like Sudan, one of the world's poorest nations, can afford the theory — now or ever.

The strategy for the Sudan was worked out by the Kuwait-based Arab Fund for Economic and So-

cial Development, which drew up an initial \$5.7-billion investment program as part of an overall 20-year plan to make Sudan, Africa's largest in land mass, the granary of the Arab world.

The strategy was partly a response to Arab fears that the United States, after the Arab oil boycott of 1973, might be tempted to retaliate with its own food boycott, a notion former U.S. Secretary of State Henry Kissinger reportedly implanted in the Arab mind.

Today, few talk about Sudan any longer as anything but a "basket case" of economic development, so huge are its outstanding debts (\$7.8 billion), so far behind is it in payment of arrears (\$3 billion rescheduled for this year) and so bankrupt is its treasury, facing a current \$1.6 billion gap in its balance of payments.

The Gulf states, which were supposed to bankroll the "bread-

ket" strategy, mostly look on the Sudan today as a major economic and political liability, and its main financial backers, Saudi Arabia and Kuwait, have turned inward to spur a boom in farming by their own nationals on far more difficult desert terrain.

What went wrong is an intriguing question to which there appears to be as many answers as there are pundits, economists and theorists of Sudan's disastrous performance. But one common reply is "changed circumstances" in the world economy beyond anyone's wildest imagination in the early 1970s.

"The breadbasket idea was based on projecting the short-term circumstances over 20 years. But these were overtaken by events," remarked one Western economist. "Inflation outstripped commodity prices and the Arab strategy changes toward Sudan as the breadbasket."

"That idea is now more or less consignable to the dustbin of history," he added. But even this pessimist did not rule out the possibility that "maybe in 20 years" it would come alive again.

Meanwhile, Sudan is trying to cope with a landscape strewn with brand-new but closed-down factories, faulty schemes and half-completed projects that have made this country into a junkyard of development schemes and a nightmare for the government.

The sugar industry is one case in point. The government once planned to boost production to 750,000 tons by 1980, enough to cover all local consumption and allow exports of 300,000 tons to the Arab gulf states. Since the Sudan was once spending \$1 million a day on sugar imports and still had a million dollars last year, the plan seemed sound economic sense.

But just about everything that could conceivably go wrong did so, and the country will not even cover its own needs in sugar for another two years, let alone export any.

One major disaster occurred 20 miles northwest of Kenana at Asalsaya, where a 110,000-ton sugar refinery was built in 1978 but almost immediately closed down due to problems ranging from the installation of second-hand boilers, insufficient steam generation and a faulty lubrication system to a poorly managed irrigation system and legal suits against the British contractors Fletcher and Stewart.

To top off its troubles, the plant now is listing, with one side two feet higher than the other, because it was built on soil that swells and cracks with the weather. Outside consultants are now discussing how to repair the mill and whether it will have to be moved to a new location at the cost of millions.

Kenana has been the lone success in the Sudan's plan to build a viable sugar industry. But the economics even of Kenana are full of "ifs" because of the nature of the world sugar market, and it is far from clear when, if ever, it will return a profit.

Two years after inauguration, its production has surpassed 200,000 tons. If all goes well, it should reach peak capacity of 330,000 in two years. This should be enough finally, together with four ailing state-run sugar plants now being overhauled, to meet the Sudan's needs.

Kenana may shortly make the Sudan self-sufficient in sugar. But ironically it appears that either the government or the company will have to pay the price for reaching this goal.

Irish-Saudi Dairy Farm Project Thrives in the Desert Near Riyadh

By Brad Heller

RIYADH — Few enterprises seem as ill-conceived as raising dairy cows in the desert. Yet, the dairy herds of Masstock Saudi thrive in the wastelands of Saudi Arabia.

"Our average yield is higher than any farm in Europe," said Alastair McGuckian, chairman of Masstock, an Irish-Saudi farming venture that is one of the show-cases of Saudi agricultural development.

Masstock, which stands for mass production of livestock, has about 6,500 animals in seven herds around the kingdom. The average yield of each of the 5,700 producing cows is between 5,000 and

6,250 liters a year, Mr. McGuckian said, against the 4,500 liters average in Europe.

"I believe in milk production here, although it's very hard for many others to believe in it," he said. Summer temperatures reach 50 degrees Centigrade (122 degrees Fahrenheit) and rainfall is scant in Saudi Arabia.

Mr. McGuckian and Paddy, his brother and partner, have adapted to the desert climate the production methods they developed in Northern Ireland and have taken advantage of the incentives to agricultural development provided by the Saudi government. As a result, Masstock has grown into one of the largest dairy farms in the world, with 1982 turnover of \$160

million and milk sales of \$29 million.

In order to feed the livestock, Masstock has about 6,000 hectares (15,000 acres) of desert under cultivation by center-pivot irrigation. Fodder requirements are filled by about 1,000 hectares of Sudan grass, Rhodes grass and alfalfa. The remainder of the land is sown in profitable wheat and Masstock has begun expansion to double wheat acreage. Masstock has averaged yields of 5.5 tons per hectare on new fields, as high as 7.5 tons on older fields and is aiming for 10 tons a hectare.

The McGuckians installed and operated the first center-pivot irrigator used in Saudi Arabia in 1976 on a government-owned farm at Harad. Today, Masstock is participating in 21 separate farm projects with 93 pivots and is one of the largest wheat growers in the kingdom.

The company also is involved in raising about 15,000 sheep and in commercial trials growing potatoes and a variety of summer crops such as tomatoes, melons, soybeans, and maize, peanuts and cotton. Attempts to raise beef cattle for the Saudi market proved unviable, Mr. McGuckian said.

Masstock Saudi Limited is a joint venture between Masstock International, the McGuckian brothers' holdings in the United King-

New Techniques Advance Output of Garden Farms

By Alan Cartwright

LONDON — Traditionally, the most successful aspect of agriculture in the Arab world — garden-style fruit and vegetable growing — is the sector that could most easily achieve self-sufficiency on a commercial basis.

The outlook for garden-style fruit and vegetable growing has been brightened in the last decade by spread or drip irrigation. Water laden with fertilizers and nutrients is fed under pressure through small-bore plastic pipes and delivered at controlled rates of quantity and frequency to the root zones of every plant.

Middle East experiments prove that a conventional farm yield of 8 tons of tomatoes per hectare can be multiplied with drip irrigation to 80 tons. By giving each plant its exact minimum requirement of enriched water on a regular daily basis, the grower can protect his crop from deprivations which reduce its potential for early high yield. And nutrient losses are avoided because no reliance is placed on the soil to retain applied fertilizer.

It was the realization that drip irrigation techniques could free the commercial grower from the soil and its attendant problems that led to the development of the even more productive hydroponics and nutrient film techniques. These revolutionary systems, which have swept horticulture into the new world of "controlled-environment" soil-less cultivation, have turned the water-deprived and soil-deficient Arabian desert into test beds of research and development for tomorrow's food production sciences.

Under these systems, suitable crops such as tomatoes and cucumbers are raised in plastic troughs or similar artificial media inside plastic or glassfiber greenhouses where computerized "total environment control" techniques are applied to regulate temperature, humidity, solar gain, pest control, air-conditioning and cleanliness. Even human presence is kept to a minimum.

Though such installations require large initial capital outlays, they are more efficient and less wasteful than conventional methods, producing yields as much as eight times higher per cropping and increasing the number of croppings to three a year. One such venture in Saudi Arabia is gearing up for a production over five hectares of 40 kilograms per square meter of tomatoes or 60 kilograms per square meter of cucumbers. This would double the productivity of a standard drip irrigation and multiply by 10 times the yield of a traditional farm.

Representing the best horticultural techniques, such automated installations are being pioneered in the oil-rich states. In the Middle East, climatic and geographic constraints on conventional farming combine with a shortage of labor and an abundance of ready capital to make these installations interesting propositions for substantial investors who can wait for financial returns.

But in the less wealthy Arab nations, the benefits of modern horticultural techniques are available on a simpler scale, even to peasant farmers, through the help of governments aware of the positive social and economic effects of high-yielding quick-cash crops.

Along with drip irrigation, other new techniques, such as plastic

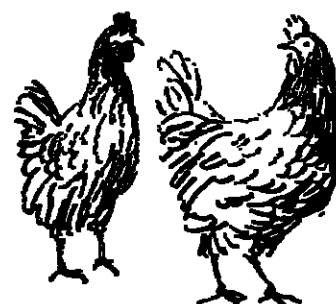
greenhouses and tunnels, plastic mulching, shade netting and other shelters, together with the enlightened use of specific agrochemicals, have made major contributions to increased production, mainly by providing more protection to plants from ultraviolet radiation, heat, wind, sand abrasion, salinity, disease, weeds, soil deficiencies and water shortage.

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A Kuwaiti checks greenhouse growth at an experimental farm.

ARTS / LEISURE

Modern Works: Good Buys?

By Souren Melikian
International Herald Tribune

MANY potential buyers impressed by the fuss that auction-house spokesmen make over the latest world record in one field or another seem to feel that there is nothing left for them. As great art gets scarcer and prices soar, they feel they are being priced out of the market. In real life things are different, as has been demonstrated by the latest round of 19th and 20th-century paintings in London and Paris.

Scarcity is unquestionable in some sectors, mainly that of works by the leading Impressionists and their related fields, such as the Pointillists—Seurat is now virtually gone and Signac seldom seen—or the Nabis—Emile Bernard in his early, pre-1910 period. Yet what is happening to prices is more complicated than what is suggested by the stream of optimistic press-releases from auction houses.

Even the most desirable masters are not automatically caught in an ever-rising price spiral. Great satisfaction was displayed by Sotheby's and dutifully relayed in the media over the price paid for a beautiful pastel study of a dancing lesson by Edgar Degas, which sold March 23 for \$308,000 (about \$462,000). But when the pastel was last seen at auction, in 1969, also at Sotheby's, it fetched £100,000.

Ironically, it is for the least desirable paintings—either because they are poorly painted or because they are too small or because they are atypical of the artist's main stream of inspiration—that exaggerated prices have been paid of late.

In London an indifferent study by Renoir of a young girl having her hair done by her nursemaid was sold at Sotheby's for £220,000. The painting is small—30 by 30 centimeters—the brushwork fast but not brilliant. Sotheby's presale estimate, £200,000 to £250,000 suggests that the buyer got it at just about the reserve price, i.e., the minimum demanded by the vendor.

Since nowadays, estimates reflect the price that the auction-house and vendor wish to get, rather than what may be reasonably expected. That Renoir, in the view of some well-known professionals, would have been well sold at around £150,000.

The reserve price trick does not always work. Alfred Sisley was represented in Sotheby's March 23 sale by a landscape—clusters of trees in the foreground through which two tiny feminine silhouettes can be seen walking down a country lane under an expanse of a rather monotonous grayish sky. Those who have been watching the market long enough can remember it from the days when it had a hole and was available for sale in Paris in the mid-1970s at 150,000 francs. On March 23 it was unsold at £65,000, comparing with a presale

estimate of £70,000 to £80,000. It could hardly be recommended as a brilliant buy.

It is on the periphery of Impressionism that there is still a lot to be bought, some paintings occasionally being splendid. A fine view of

THE ART MARKET

Antibes by Eugene Boudin in 1893 with an unusual golden light was sold in Paris March 19 for just over 290,000 francs (about \$40,000), not a great deal of money. Another Boudin painting of fishing boats on a green sea made nearly twice as much at Sotheby's Impressionist and Modern master sale on March 23, which is clearly paid for a work that is not very characteristic. Admittedly very attractive in itself, it was probably boosted by the weak spot the English have always had for boats in the high seas under a windswept sky full of clouds.

This did not prevent a third Boudin from failing to reach its reserve price in the same sale. Utterly atypical of Boudin's repertoire, it shows the old mill at Pont Aven. The excellent brushwork, however, is unmistakably Boudin's. It once belonged to the Dutch collector H.E. Ten Cate, possibly because it is the closest that Boudin ever got to the mood of Hobbema and Ruysdael. With that provenance, it should have sold within Sotheby's £220,000 to £280,000 estimate. In the long term, this would have turned out to be quite a good buy—a far better one, surely, than the tiny, 16-by-24-centimeter landscape by Camille Fissarro in 1889 that sold for £23,100.

It is, however, in the field of 20th-century masters that the very best acquisitions are still to be made, if only because that market has become alive much later—partly as a substitute for the dwindling supply of Impressionist works.

The transfer phenomenon is particularly perceptible when it comes to masters who have recently come to be recognized by artistic opinion-makers as 20th-century leaders. Joan Miró, the Spanish-born painter from Catalonia who became a prow figure of the Paris school some time before World War II, is one of them. Hence, no doubt, the epoch-making £264,000 paid at Sotheby's March 23 for a composition in gouache and oil on paper dated Palma de Majorca 1940. It is the twelfth in a series of so-called "Constellations" over which, dealer tells me, a snobbish fixation has recently developed in the museum/art foundation community. Just about everybody wants one from that series.

More discreet, but more telling, are the prices at which Miró and other masters are currently being negotiated in the trade. A large painting by Fernand Léger in vivid green, red and yellow, "Partie de Campagne," dated 1952-53, was sold last week by a Paris dealer for \$390,000. The painting came from

a U.S. vendor and is flying back across the Atlantic. The dealer's profit reportedly was only 3 percent, which reflects the difficulty that even professionals experience in getting substantial works at competitive prices.

Far below in the price scale, other 20th-century masters have failed to get into the limelight. They are still to be had for a few thousand dollars, and well worth it in this writer's view. Jean Crotti, the abstractionist, is one. A first-class painting titled "The Couple" and dated 1915 was sold at Drouot in Paris on March 17 for 45,000 francs. The swirling movement of the bodies, and the wonderful sense of space and perspective emphasized by Crotti's brilliant use of color make it a fine piece that will look good in some museum 20 years from now.

A well-known dealer who believed in his future gave up storing Crotti a couple of years ago. Understandably so. Dynamic professionals don't like to sit on their goodies for too long. They find it depressing. For art lovers who do not have that problem, there are few better bargains in the field of 20th-century art.



Fernand Léger's "Partie de Campagne" brought \$390,000.

Adolf Loos' Architectural Legacy

By Alan Levy

International Herald Tribune

VIENNA—Erected in 1910 opposite the entrance to the Imperial Palace (Hofburg) and facing the baroque medieval St. Michael's Church, the starkly straightforward, functional store-and-apartment house on the Michaelerplatz was an instant affront to Viennese decorative taste. The public knew it as the Loos Haus, after its architect, but critics called it the "House Without Eyebrows" and complained about its "sewer-like facade." Even the liberal Neue Freie Presse took an axe.

"Choose a point on the Michaelerplatz from which to observe the new building... and immediately some passer-by will latch on to you, repeating out loud what you have been thinking to yourself, cursing the revolting edifice to its face, and pass on his way, muttering imprecations. Seldom has a work of architecture called forth such universal opposition...."

What is more, from the lowest point of the threshold to the bridge tiles on the roof, there isn't a trace of anything Viennese about the new house. The ground floor and mezzanine of proud marble, massive columns here from a single block; the lofty street facades, which fill the space between the huge panes of glass, all made of the noblest material, costly marble, and above it all, a bare plaster wall, without the shadow of an ornament, pierced by tasteless window openings, a desolate poverty above all the marble splendor....

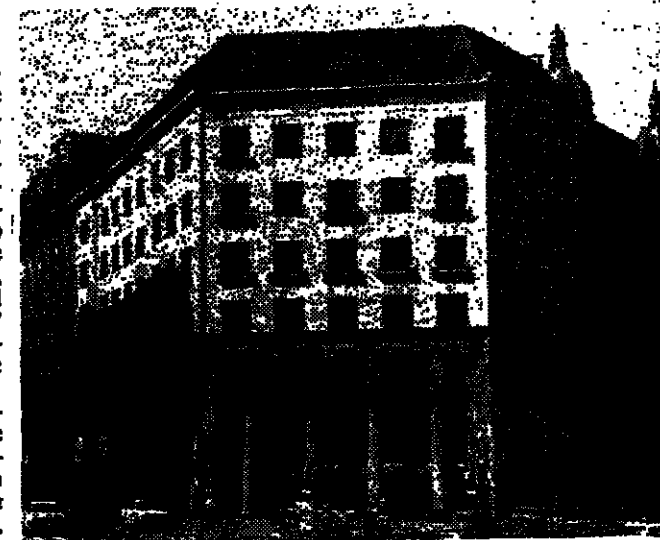
"How could anybody have thought it possible to harmonize this blatantly dissonant modernism with its timeless, historic surroundings?"

Ten days later, its architect, Adolf Loos, replied in print: "Every word written in praise of our ancient city, in defense of its rapidly disappearing past, certainly evokes a far stronger echo in me than in many others. But that I, above all, should have committed a crime against this heritage of ours—such an accusation hits me harder than many people might believe. For I did indeed design the building so that it might harmonize as far as possible with the square on which it stands. The style of the church, which forms the pendant to my building, acted as my point of departure...."

"I chose real marble because any form of imitation is distasteful to me. I kept the plaster surfaces as simple as possible, because the burghers of Vienna also built in a simple style. My object was to make the strongest possible separation between store and apartments, and I always imagined I had resolved this problem in the spirit of the antique Viennese masters...."

A father of functional architecture, Adolf Loos was born in 1857 in Brno, now in Czechoslovakia. He trained with his father, a Jewish stone mason, studied in Dresden and traveled in the United States between 1893 and 1896, writing music criticism and washing dishes to make ends meet.

It was on his American trip that Loos embraced the ideas of the Chicago pioneer Louis H. Sullivan, who had said that his fellow architects should "refrain entirely from the use of ornament for a period of years, in order that our thought might concentrate upon the production of buildings well-formed and comely in the nude." Frank Lloyd Wright, who spent seven years apprenticing under Sullivan,



Loos Haus; portrait of Adolf Loos by Oskar Kokoschka.



Austrian National Library

later credited Loos with doing for European architecture what Wright was doing in the United States.

Loos' battleship became the urban and suburban landscape of Vienna, where he settled in 1896. His impact, says worldwide, "Loos swept clean the path before us," said Le Corbusier. "It was a heroic cleansing: precise, philosophical, logical. He has influenced the architectural destiny of us all."

In 1909, Loos wrote that architecture was not art: "Whatever serves a purpose must be excluded from the realm of art.... We shall have an architecture for our time only when the mendacious slogan, Applied Art, is banished from the vocabulary of nations."

Dismissing the totally designed environments of the Wiener Werkstätte and Secession movements, Loos was a link between his friend, Otto Wagner, for whom ornament enhanced function instead of stifling it, and the Bauhaus, which imposed multipurpose structure lending itself to any function.

"It was the generation that followed Loos and built upon his work that created the modern style in architecture.... that took the first products of Loos' technical simplification and stylized them, so producing the familiar concrete-and-glass slabs or shoe boxes to which the name 'modern architecture' became attached from the late 1920s on," Allan Janik and Stephen Toulmin wrote in their 1973 book, "Wittgenstein's Vienna." (The philosopher Ludwig Wittgenstein was such an admirer of Loos that in the mid-1920s he designed a house for his sister on Loosian principles.)

Loos' buildings were designed from the inside outwards, utilizing new materials like reinforced concrete and assembling austere, cubic masses for comfort, freedom and, above all, the use for which each project was intended. "If you want to understand the significance of, for example, the system of water piping in a house," Loos once said, "look at the use to which that system is put. The meaning is the use."

While Otto Wagner has his own mini-museum in one of the two subway pavilions he built in the Karlsplatz in 1898, there is no such center dedicated to Loos, but downtown Vienna is, in some ways, a living museum of his landmarks. If the "House Without Eyebrows" now houses Interpost, Duks's Adidas Special Shop, its exterior is well-preserved and, its critic

ics notwithstanding, harmonizes with the somber grandeur of the Michaelerplatz.

Up the Kohlmarkt and around the corner at Graben 13 is the store Loos designed in 1913 for the haberdasher Knize. Curved wooden banisters and rounded fitting rooms soften the hard edge of consumption. Niches and balconies create unexpected seating space in a well-lit atmosphere of brass coat hooks and a brick fireplace (between two salesrooms, warming both without overheating either).

In what is now known as the Loos American Bar, on a side street called Kärntnerdurchgang, Loos used full-length mirrors to double the intimate interior, enlarge the impact of the paneled marble ceiling and enable customers to see themselves and each other in the best light.

The vaulted Café Museum, where Operngasse meets Karlsplatz, is Loos' first commission in 1899, sadly partitioned and shared. On its severity, now it is just shabby. But, at the other end of Karlsplatz, preserved in the Vienna Historical Museum, are two cozy rooms of Loos' old flat from the nearby Bösendorferstrasse.

Even though Loos was head of municipal housing in Vienna from 1920 to 1922, most of his projects were rejected. And so was Loos, who moved to France after being accused and acquitted of importing children in 1928; apparently, his habit of bringing waifs home for a meal and a bath was misconstrued by the mother of two of his guests. But the three-week pre-trial interrogation unhinged him.

Loos died in a clinic near Vienna 50 years ago this August. To honor the anniversary, an international colloquium on his influence was held at the Sorbonne in Paris earlier this year.

The French Institute for Architecture, Rue de Tourman, in cooperation with the Austrian Institute, has mounted an exhibition of Loos' life and work, which continues through April 16.

Venice Museum

The Associated Press
VENICE—The Peggy Guggenheim Collection, housing works by some of the 20th-century's greatest painters, will reopen here Sunday after a half-million-dollar renovation.



Edward Lear's "Cedars of Lebanon" is on view in "Tip of the Iceberg" gallery.

V&A Expands Into New Wing

By Max Wykes-Joyce
International Herald Tribune

LONDON—When financial accounts were drawn up after the Great Exhibition in 1851 in London, for which Joseph Paxton built the Crystal Palace, it was found that the committee, headed by Queen Victoria's consort, Prince Albert, had in hand just over £186,000 (in today's terms, nearly \$3 million). With this it was decided to establish a "Museum of Manufactures" to encourage connections between art, design and manufacture and to work in close conjunction with the School of Design in Ornamental Art (later the Royal College of Art), which had been set up in the 1830s.

The first of the great complex of museum buildings was opened in South Kensington in 1857, named after the queen and prince, and masterminded by a young civil servant, Henry Cole, who had played a major role in the organization of the Great Exhibition.

For the remainder of the 19th century and the first decade of the 20th, the V&A, as it is popularly known, expanded piecemeal but not as fast as its collections, which profited from many major bequests and the thoughtful purchasing policies of a series of good directors.

By the early 1900s much of the V&A's holdings were hidden away in storerooms and cellars. The last extension to the building was made in 1909. Now a new wing, named after Henry Cole, has been added.

Built on six levels, the new wing was designed for the museum's department of prints, drawings and photographs and the department of paintings, and to provide space for temporary exhibitions of these departments.

The top floor houses the collection of John Constable paintings and drawings given to the V&A by the artist's daughter, and 19th-century English landscape paintings in the Constable tradition.

Level Five is given over to the Print Room, where the thousands of fine-art and reproduction prints not on display may be examined by request. Level Four displays the National Collection of portrait miniatures; the C.A. Ionides collection of Old Master, French 19th-century and English pre-Raphaelite paintings; European paintings from the 16th to 19th centuries; paintings on glass by Gainsborough; and the 44-foot-long (13.3-meter) "Panorama of Rome," painted in 1824, displayed as nearly as possible as it was originally.

Level Three has two rooms of works selected from the National Collection of British Watercolors and three devoted to photography. One demonstrates the history of photographic processes, to accompany which the museum has published a fine illustrated catalog; one has a selection from the permanent collection of photographic prints; and the third is for temporary exhibitions. The opening exhibition is "Personal Choice," 20th-century photographs selected by 30 persons prominent in photography and the arts.

Level Two is the nub of the new wing, housing the permanent collection of British paintings 1700-1900 and a permanent display of printmaking techniques. The greater part of this level is given over to a major exhibition gallery, and another gallery in which small selections from the V&A's vast holdings will be shown under the generic title "Tip of the Iceberg."

The first selections in this room are 30 Dutch and Old Master drawings, topographical images under the title "Exotic Places," and watercolors and graphics by British abstract artists. "The Avant-Garde in Britain 1930-40." The main Henry Cole Gallery has as its major exhibition "Pattern and Design: Designs for the Decorative Arts 1480-1980." This includes drawings and prints as the raw materials of design, displayed alongside the finished objects.

All manner of things are here, from Italian maiolica dishes to Orso's designs for sword hilts; from John Linnell's chinoiserie lacquered overmantel mirror to Robert Stothard's silver candelabra; from a silk damask petticoat of the 1740s to a wallpaper designed by William Morris. What sounds in print like a hodge-podge is a delightful excursion into social and design history, and a fitting introduction to the V&A's other collections.

Level One is given over to a major exhibition gallery, and another gallery in which small selections from the V&A's vast holdings will be shown under the generic title "Tip of the Iceberg."

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Herald Tribune BUSINESS/FINANCE

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ECONOMIC SCENE

By LEONARD SILK

Analysts Increasingly Question Assumptions Behind Free Trade

NEW YORK — In Pittsburgh, where the jobless rate is over 16 percent, President Ronald Reagan has just run into one of the biggest demonstrations of his presidency.

One of the thousands of demonstrators standing in the rain outside the hotel where he spoke was a 52-year-old unemployed steelworker named Joseph Rice, who had been out of work for a year. "We were all coming in this administration to do something," he said, "but it's obvious they don't care." Mr. Rice said strong tariffs were needed to keep out steel imports.

Hard times always breed demands for protectionism. While the Reagan administration remains formally opposed to protectionism, its record is a patchwork quilt of free trade and protectionist actions.

On April 1, in one of his most drastic protectionist decisions, Mr. Reagan ordered a tenfold increase in tariffs on large motorcycles, which are imported almost entirely from Japan. His aim was to help Harley-Davidson, the sole surviving U.S. motorcycle producer.

Meanwhile, the free market economists at the State Department and Treasury who are preparing for next month's economic summit meeting at Williamsburg, Virginia, are planning a strong U.S. position favoring free trade.

In a sense there is nothing new in this. Free trade is a fair-weather doctrine for countries with high employment at home and growing markets abroad. When the weather turns foul, those countries move away from their free trade posture to respond to domestic political pressures.

They hope to appease a pressing problem while avoiding foreign retaliation. But retaliation sometimes occurs, as in the early 1930s. After passage of the Smoot-Hawley Trade Act, a trade war broke out, gravely aggravating the Depression.

Everyone 'a Little Guilty'

Mr. Reagan hopes recovery will head off the threat of growing protectionism before it goes much further. In Pittsburgh he told a questioner that the United States is doing its best to oppose protectionism among its trading partners and at home, but he noted that "everyone is a little guilty" of it. He blamed high taxes and excessive government regulation for "structural unemployment."

But the wide industrial dislocation and high unemployment in sectors that rely on world markets, such as steel, autos and consumer electronics, are making more economists re-examine the doctrine on which U.S. policy is based.

Since the days of Adam Smith and David Ricardo, no doctrine has commanded broader support among economists than free trade. According to the law of comparative advantage, every country should specialize in producing things it can make better than other countries. By specializing and trading with others, it is argued, countries maximize the world's total output and consumption.

Free trade supposedly confronts consumers and producers with prices of goods that correctly reflect their values in international exchange.

Hence, free trade is said to permit economic welfare that cannot be achieved by any policy of government that interferes with trade. All interference, whether through tariffs, quotas or non-tariff barriers, reduces total output and consumer well-being, according to the classic theory.

Doctrine of Perfection

But Alan V. Deardorff and Robert M. Stern of the University of Michigan, in a paper prepared for the Aspen Institute, note that the case for free trade rests on a model of the world in which there is assumed to be perfect competition, an absence of market imperfections, ample time for markets to adjust and technology that changes slowly.

The question troubling Mr. Deardorff and Mr. Stern, along with many other economists, is whether such assumptions have become so remote from reality as to vitiate the entire doctrine.

Robert B. Reich of the Kennedy School at Harvard says a new model for trade in the real world is needed as a basis for changing U.S. trade policy. The real world, he contends, is full of cartels, state subsidies, rapid diffusion of technology and governmental interference with competition.

In a Foreign Affairs article, "Beyond Free Trade," Mr. Reich says, "The classic principle of free trade no longer offers any practical or politically compelling alternative to protectionism." He says the "recent collapse of free trade ideology into retaliatory protectionism" — by which Mr. Reagan and others argue that the United States must respond in a protectionist way to the protectionism of others — attests to the bankruptcy of the old ideal of free trade.

But, even if there are important elements of truth in the critique of the free trade model, the question still remains whether alternative policies to promote or protect national economic interests might do more harm than good.

The New York Times

CURRENCY RATES

Interbank exchange rates for April 8, excluding bank service charges.

	\$	DM	FF	£	Y	S	Sc	DK	N
Australia	2.225	4.208	12.245	0.728	0.369	5.68	132.50	16.73	17.73
Belgium	48.18	72.45	18.775	6.653	3.359	17.458	—	22.41	6.88
France	2.425	3.425	—	—	—	—	—	—	—
Germany	1.255	—	—	—	—	—	—	—	—
Italy	1.445/55	2.172/40	39.735	79.69	27.425	39.845	39.25	79.13	16.74
Japan	—	1.708	0.179	0.178	0.0091	0.341	0.020	0.089	0.714
Netherlands	2.485	10.925	29.335	3.027	1.543	16.31	15.60	39.88	84.48
Sweden	2.859	3.195	84.7	23.30	0.425	7.33	4.340	—	23.95
Switzerland	0.972	0.641	3.261	4.781	1.358	2.522	44.671	1.994	7.981
U.S.	1.000	1.000	0.77777	2.475	7.855	1.958	52.121	2.232	7.903

	Per	Per	Per	Per	Per	Per	Per	Per	Per
Switzerland	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Denmark	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Spain	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Portugal	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Greece	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
India	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
South Africa	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Argentina	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Chile	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Colombia	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Costa Rica	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Cuba	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Ecuador	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
El Salvador	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Honduras	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Kenya	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Malaysia	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Mexico	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Nicaragua	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Panama	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Paraguay	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Peru	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Romania	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Saudi Arabia	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Senegal	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Singapore	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
South Korea	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Taiwan	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Thailand	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Turkey	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Ukraine	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Uruguay	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555
Venezuela	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555	1.555

INTEREST RATES

Eurocurrency Deposits			
Country	Term	Rate	Rate
1.5A	90	4.75	4.75
3.0A	90	4.75	4.75
6.0A	90	4.75	4.75
12.0A	90	4.75	4.75
18.0A	90	4.75	4.75
24.0A	90	4.75	4.75
30.0A	90	4.75	4.75
36.0A	90	4.75	4.75
42.0A	90	4.75	4.75
48.0A	90	4.75	4.75
54.0A	90	4.75	4.75
60.0A	90	4.75	4.75
66.0A	90	4.75	4.75
72.0A	90	4.75	4.75
78.0A	90	4.75	4.75
84.0A	90	4.75	4.75
90.0A	90	4.75	4.75

Key Money Rates

United States			
Instrument	Rate	Rate	Rate
Discount Rate	5.00	5.00	5.00
Federal Funds	5.00	5.00	5.00
Prime Rate	8.00	8.00	8.00
Banker's Loan Rate	10.00	10.00	10.00
Commercial Paper	5.00	5.00	5.00
3-month Treasury Bills	5.00	5.00	5.00
6-month Treasury Bills	5.00	5.00	5.00
9-month Treasury Bills	5.00	5.00	5.00
12-month Treasury Bills	5.00	5.00	5.00
15-month Treasury Bills	5.00	5.00	5.00
18-month Treasury Bills	5.00	5.00	5.00
21-month Treasury Bills	5.00	5.00	5.00
24-month Treasury Bills	5.00	5.00	5.00
27-month Treasury Bills	5.00	5.00	5.00
30-month Treasury Bills	5.00	5.00	5.00
33-month Treasury Bills	5.00	5.00	5.00
36-month Treasury Bills	5.00	5.00	5.00
39-month Treasury Bills	5.00	5.00	5.00
42-month Treasury Bills	5.00	5.00	5.00
45-month Treasury Bills	5.00	5.00	5.00
48-month Treasury Bills	5.00	5.00	5.00
51-month Treasury Bills	5.00	5.00	5.00
54-month Treasury Bills	5.00	5.00	5.00
57-month Treasury Bills	5.00	5.00	5.00
60-month Treasury Bills	5.00	5.00	5.00
63-month Treasury Bills	5.00	5.00	5.00
66-month Treasury Bills	5.00	5.00	5.00
69-month Treasury Bills	5.00	5.00	5.00
72-month Treasury Bills	5.00	5.00	5.00
75-month Treasury Bills	5.00	5.00	5.00
78-month Treasury Bills	5.00	5.00	5.00
81-month Treasury Bills	5.00	5.00	5.00
84-month Treasury Bills	5.00	5.00	5.00
87-month Treasury Bills	5.00	5.00	5.00
90-month Treasury Bills	5.00	5.00	5.00
93-month Treasury Bills	5.00	5.00	5.00
96-month Treasury Bills	5.00	5.00	5.00
99-month Treasury Bills	5.00	5.00	5.00
102-month Treasury Bills	5.00	5.00	5.00
105-month Treasury Bills	5.00	5.00	5.00
108-month Treasury Bills	5.00	5.00	5.00
111-month Treasury Bills	5.00	5.00	5.00
114-month Treasury Bills	5.00	5.00	5.00
117-month Treasury Bills	5.00	5.00	5.00
120-month Treasury Bills	5.00	5.00	5.00
123-month Treasury Bills	5.00	5.00	5.00
126-month Treasury Bills	5.00	5.00	5.00
129-month Treasury Bills	5.00	5.00	5.00
132-month Treasury Bills	5.00	5.00	5.00
135-month Treasury Bills	5.00	5.00	5.00
138-month Treasury Bills	5.00	5.00	5.00
141-month Treasury Bills	5.00	5.00	5.00
144-month Treasury Bills	5.00	5.00	5.00
147-month Treasury Bills	5.00	5.00	5.00
150-month Treasury Bills	5.00	5.00	5.00
153-month Treasury Bills	5.00	5.00	5.00
156-month Treasury Bills	5.00	5.00	5.00
159-month Treasury Bills	5.00	5.00	5.00
162-month Treasury Bills	5.00	5.00	5.00
165-month Treasury Bills	5.00	5.00	5.00
168-month Treasury Bills	5.00	5.00	5.00
171-month Treasury Bills	5.00	5.00	5.00
174-month Treasury Bills	5.00	5.00	5.00
177-month Treasury Bills	5.00	5.00	5.00
180-month Treasury Bills	5.00	5.00	5.00
183-month Treasury Bills	5.00	5.00	5.00
186-month Treasury Bills	5.00	5.00	5.00
189-month Treasury Bills	5.00	5.00	5.00
192-month Treasury Bills	5.00	5.00	5.00
195-month Treasury Bills	5.00	5.00	5.00
198-month Treasury Bills	5.00	5.00	5.00
201-month Treasury Bills	5.00	5.00	5.00
204-month Treasury Bills	5.00	5.00	5.00
207-month Treasury Bills	5.00	5.00	5.00
210-month Treasury Bills	5.00	5.00	5.00
213-month Treasury Bills	5.00	5.00	5.00
216-month Treasury Bills	5.00	5.00	5.00
219-month Treasury Bills	5.00	5.00	5.00
222-month Treasury Bills	5.00	5.00	5.00
225-month Treasury Bills	5.00	5.00	5.00
228-month Treasury Bills	5.00	5.00	5.00
231-month Treasury Bills	5.00	5.00	5.00
234-month Treasury Bills	5.00	5.00	5.00
237-month Treasury Bills	5.00	5.00	5.00
240-month Treasury Bills	5.00	5.00	5.00
243-month Treasury Bills	5.00	5.00	5.00
246-month Treasury Bills	5.00	5.00	5.00
249-month Treasury Bills	5.00	5.00	5.00
252-month Treasury Bills	5.00	5.00	5.00
255-month Treasury Bills	5.00	5.00	5.00
258-month Treasury Bills	5.00	5.00	5.00
261-month Treasury Bills	5.00	5.00	5.00
264-month Treasury Bills	5.00	5.00	5.00
267-month Treasury Bills	5.00	5.00	5.00
270-month Treasury Bills	5.00	5.00	5.00
273-month Treasury Bills	5.00	5.00	5.00
276-month Treasury Bills	5.00	5.00	5.00
279-month Treasury Bills	5.00	5.00	5.00
282-month Treasury Bills	5.00	5.00	5.00
285-month Treasury Bills	5.00	5.00	5.00
288-month Treasury Bills	5.00	5.00	5.00
291-month Treasury Bills	5.00	5.00	5.00
294-month Treasury Bills	5.00	5.00	5.00
297-month Treasury Bills	5.00	5.00	5.00
300-month Treasury Bills	5.00	5.00	5.00
303-month Treasury Bills	5.00	5.00	5.00
306-month Treasury Bills	5.00	5.00	5.00
309-month Treasury Bills	5.00	5.00	5.00
312-month Treasury Bills	5.00	5.00	5.00
315-month Treasury Bills	5.00	5.00	5.00
318-month Treasury Bills	5.00	5.00	5.00
321-month Treasury Bills	5.00	5.00	5.00
324-month Treasury Bills	5.00	5.00	5.00
327-month Treasury Bills	5.00	5.00	5.00
330-month Treasury Bills	5.00	5.00	5.00

Dow Jones Averages

	Open	High	Low	Close	Change
1979	1000	1000	1000	1000	0
1980	1000	1000	1000	1000	0
1981	1000	1000	1000	1000	0
1982	1000	1000	1000	1000	0
1983	1000	1000	1000	1000	0

Standard & Poors Index

	Open	High	Low	Close	Change
1979	1000	1000	1000	1000	0
1980	1000	1000	1000	1000	0
1981	1000	1000	1000	1000	0
1982	1000	1000	1000	1000	0
1983	1000	1000	1000	1000	0

Odd-Lot Trading in N.Y.

	Buy	Sell	Change
April 7	1000	1000	0
April 8	1000	1000	0
April 9	1000	1000	0
April 10	1000	1000	0
April 11	1000	1000	0

Market Summary, April 8

Market Diaries

	Open	High	Low	Close	Change
NYSE	1000	1000	1000	1000	0
AMEX	1000	1000	1000	1000	0
NASDAQ	1000	1000	1000	1000	0

AMEX Stock Index

	Open	High	Low	Close	Change
1979	1000	1000	1000	1000	0
1980	1000	1000	1000	1000	0
1981	1000	1000	1000	1000	0
1982	1000	1000	1000	1000	0
1983	1000	1000	1000	1000	0

AMEX Most Actives

	Open	High	Low	Close	Change
1979	1000	1000	1000	1000	0
1980	1000	1000	1000	1000	0
1981	1000	1000	1000	1000	0
1982	1000	1000	1000	1000	0
1983	1000	1000	1000	1000	0

NYSE Index

	Open	High	Low	Close	Change
1979	1000	1000	1000	1000	0
1980	1000	1000	1000	1000	0
1981	1000	1000	1000	1000	0
1982	1000	1000	1000	1000	0
1983	1000	1000	1000	1000	0

NYSE Most Actives

	Open	High	Low	Close	Change
1979	1000	1000	1000	1000	0
1980	1000	1000	1000	1000	0
1981	1000	1000	1000	1000	0
1982	1000	1000	1000	1000	0
1983	1000	1000	1000	1000	0

Friday's NYSE Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

12 Month	High	Low	Stock Div.	Yld.	P/E	1983	High	Low	Close	Change
1979	1000	1000	1000	1000	1000	1000	1000	1000	1000	0
1980	1000	1000	1000	1000	1000	1000	1000	1000	1000	0
1981	1000	1000	1000	1000	1000	1000	1000	1000	1000	0
1982	1000	1000	1000	1000	1000	1000	1000	1000	1000	0
1983	1000	1000	1000	1000	1000	1000	1000	1000	1000	0

12 Month	High	Low	Stock Div.	Yld.	P/E	1983	High	Low	Close	Change
1979	1000	1000	1000	1000	1000	1000	1000	1000	1000	0
1980	1000	1000	1000	1000	1000	1000	1000	1000	1000	0
1981	1000	1000	1000	1000	1000	1000	1000	1000	1000	0
1982	1000	1000	1000	1000	1000	1000	1000	1000	1000	0
1983	1000	1000	1000	1000	1000	1000	1000	1000	1000	0

GM, Toyota File With FTC

The Associated Press

WASHINGTON — General Motors and Toyota formally notified the Federal Trade Commission earlier this week of their plans to jointly produce small cars in the United States, FTC sources said Friday.

Once the companies file such notification, which is not made public, the FTC must follow a strict timetable if it decides to oppose the agreement. The commission would not confirm publicly that the filing occurred.

GM and Toyota are barred from proceeding on the deal while the commission's review is taking place, said an FTC source who asked not to be named. The source said GM and Toyota were required to file under the Hart-Scott-Rodino amendment to the Clayton Antitrust Act because the companies propose to transfer assets of more than \$10 million to a new corporation.

In addition to papers filed by GM and Toyota, the FTC will consider information from the automakers' competitors, said another FTC source. "Some other automakers have been visiting with the FTC staff and commissioners" to discuss the proposed joint venture, the source said.

GM and Toyota announced plans earlier this year to build up to 200,000 Toyota-designed subcompacts a year beginning in late 1984. The cars, which would be sold first in the 1985 model year, would be built at a GM plant in Fremont, California, that is now idle.

The FTC has 30 days from the date of the filing to review the material. After that, the commission can decide to take no action, use an administrative complaint, ask a federal court to issue a preliminary injunction blocking the agreement, or ask GM and Toyota to submit more information.

The source said that "given the magnitude of the event," it would not be surprising if the commission requested additional information. The FTC would then have 20 more days to decide what action, if any, to take.

DOWS and THE GHOST

In mid-summer 1982, when the DOWS were around 785, we predicted that the "DOWS WILL TOUCH 1,000 BEFORE HITTING 750". Despite the upsurge, elements of the Street remain skeptical, chaffing at the fact they missed an historic upswing. Stock market behavior repeats itself. Three decades ago, the pervasive feeling was that fiscal conservatism could no longer be realized. At the time, leading shares traded between 5-6 times earnings and yielded 6%. The majority of pundits were bearish. The Ghost of the Great Depression haunted them. They insisted that post-World War 2 earnings would be impossible to sustain, that investors had an "obligation" to convert equities into ailing accounts paying 4%. Their apocalyptic visions blurred and the law of contrary reason prevailed. Earnings increased and stocks soared over 500% during the next fifteen years. And now? Even though the Dows have percolated upwards on record volume, we believe the Averages will cap out to 1500 with spastic interim corrections. It is imperative to stress that a stock market is a "market of stocks". One man's meat may be another man's poison to repeat an old adage. To suggest the sale of APPLE, COMPUTER, COMMODORE or GENETECH may sound heretical, as it may appear irrational to urge the accumulation of AMERADIA, HESS, GULF and other oil. Our unvarnished assessment has proved rewarding. Since last summer 80% of the shares we recommended are "up" 10% down and 10% unchanged. In contrast, the DOWS are only 1/3 of their 1982 high, while fundamentals such as earnings, dividends, book value et al have improved significantly. By traditional P/E ratios, the market in general is undervalued. To abandon equities now is to reject the inevitable.

Our current letter reviews a group of stocks that are selling at less than one fifth their highs and yielding 17%. In addition, our researchers recommend a low-priced emerging stock that could emulate the success of CONTROL DATA or POLAROID during their growth phase.

For your complimentary copy of this letter, please write to or phone:

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12 Month	High	Low	Stock Div.	Yld.	P/E	1983	High	Low	Close	Change
1979	1000	1000	1000	1000	1000	1000	1000	1000	1000	0
1980	1000	1000	1000	1000	1000	1000	1000	1000	1000	0
1981	1000	1000	1000	1000	1000	1000	1000	1000	1000	0
1982	1000	1000	1000	1000	1000	1000	1000	1000	1000	0
1983	1000	1000	1000	1000	1000	1000	1000	1000	1000	0

(Continued on Page 12)

FOR A
MAXIMUM
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ON
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Fall in W

LINE brings
COMPREHENSIVE COVERAGE
AND AMERICAN STOCK
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BUSINESS BRIEFS

Atari Sues Co-Founder to Delay Competition by His New Venture

SAN JOSE, California (UPI) — Atari, the electronics giant that sparked the video game explosion in 1972, has filed suit against one of its founders to stop him from competing against the firm.

The co-founder, Nolan K. Bushnell, sold Atari to Warner Communications in 1976, agreeing at the time not to compete in the video game market until October 1983. But Mr. Bushnell already has made public statements that he plans to re-enter the market on Oct. 1, which the owners of Atari say means he would have too big a jump and therefore, would violate the spirit of the agreement.

Bushnell, after selling his stock in Atari for \$15 million, founded Pizza Time Theater, which recently purchased Video, a video game research and development firm made up of former Atari engineers. Mr. Bushnell has sought financing for his video game venture, and has been quoted in news reports as saying he expected his venture to capture 40 percent of the video game market within four years.

Japan Requests Motorcycle Talks

TOKYO (Reuters) — Japan has asked the United States for consultations on the Reagan administration's decision to impose higher tariffs on large imported motorcycles, the Foreign Ministry said Friday.

President Ronald Reagan on April 1 raised import tariffs on motorcycles with engines of 700 cc or more to 49.4 percent from 44 percent after ruling that foreign competition was causing serious injury to the sole U.S. manufacturer, Harley-Davidson Motor.

Thyssen Dividend Is Uncertain

DUISBURG, West Germany (Reuters) — Thyssen's losses in steel and special steel are so great that the dividend payment for the current financial year to Sept. 30 remains in question, Dieter Spethmann, managing board chairman, said at a shareholders' meeting Friday. Thyssen had announced an unchanged dividend of two Deutsche marks for 1981-82.

Mr. Spethmann said world group external sales in the first half of the 1982-83 year averaged 2.3 billion DM (\$951 million) a month, a 9-percent fall from a year earlier.

BHP of Australia Reports Loss

MELBOURNE (Reuters) — Broken Hill Pty., Australia's biggest company, reported a net loss Friday of 32.6 million Australian dollars (\$28.2 million) for the third quarter, which ended Feb. 28.

The result takes the cumulative net loss for the first nine months of the year to May 31 to 30.3 million dollars, BHP said. There are no previous comparable figures because BHP did not release quarterly results before the current year.

Rumasa Owners Sue State

MADRID (Reuters) — Former owners of Rumasa, the holding company expropriated by the Spanish government in February, sued for repossession of their shares, court sources said.

Former president José María Ruiz Mateos and his five brothers, sole shareholders of the holding company, say the expropriation decree deprived them of any means of defense by immediately placing all shares and company records under state control.

The plaintiffs asked a Madrid court to impound the shares and records and block any meeting of Rumasa-controlled companies' shareholders called by the state administrators, the sources said.

Court Blocks S&L Injunction Bid

MIAMI (Reuters) — A federal judge has blocked a request by shareholders in Biscayne Federal Savings & Loan Association for an injunction against the federal government's installation of a receiver.

U.S. District Judge Eugene Spelman also agreed on Thursday to hear Biscayne's arguments later this month that the takeover Wednesday by the federal Savings and Loan Insurance Corp. was illegal. Federal regulators have said that the thrift's losses could reach \$35 million.

Company Notes

Amoco (Thailand) Petroleum, owned by Standard Oil of Indiana, has withdrawn from a consortium seeking a concession to explore in central Thailand because of Thailand's condition of first priority to buy oil or gas produced, a Thai official said in Bangkok. Other consortium members are Phillips Petroleum Exploration, British Petroleum and Marathon Oil.

CRA of Australia plans to increase the face value of its shares to two Australian dollars each from 50 cents to enable the share value to more accurately reflect the company's underlying asset value. CRA has 434.83 million shares on issue.

Sponge Manufacturing Orders Fall in West Germany

(Continued from Page 9)

which Mr. Vorhauser declined to identify, ended their loan support after their research departments expressed doubts that the company could win approval.

But a friend, a gynecologist named Earl Fuller, organized 30 physicians and raised \$500,000 to keep the company going and continue tests required by the FDA.

In May 1981, Mr. Emmelhuth of Seidler Amco brought in \$2 million in venture capital from the Golden Tons Fund and Continental Illinois National Bank and Trust's venture fund, in Chicago, and from the Wall Street investment house Donaldson, Lufkin & Jenrette.

Two months later the group raised \$3 million more, and was joined by Continental Capital Ventures in San Francisco, the Northwest Growth Fund in Minneapolis and U.S. Venture Partners of Menlo Park, California. All along, the minimum share was \$150,000.

Mr. Vorhauser, who is VLI's largest stockholder although he said his share is less than 15 percent, said he expected VLI to be making money "early in 1984."

But a spokesman for VDMA, West Germany's largest manufacturing industry organization, said the figure confirmed firms' expectations and showed economic revival would not come as fast as Chancellor Helmut Kohl suggested before his victory in last month's national election.

The order shortfall followed the expiration of a 10-percent government investment premium, which pushed the investment index in

Loan Exposure of Leading U.S. Banks

In Latin American countries as of Dec. 31, 1982. (Chase Manhattan as of 3rd quarter.)

Bank	Millions of dollars	% Public	% of Capital	% of Assets
Bank of America	\$2,500	56%	55%	2.05%
Bankers Trust	875	87	56	2.16
Chase Manhattan	1,600	*	58	1.98
Chemical	1,500	81	77	3.11
Citicorp	3,270	*	68	2.52
Crocker National	685	65	50	2.36
First Chicago	685	65	58	2.41
First Interstate	680	64	38	1.86
Mig. Hanover	1,730	57	70	2.70
Morgan Guaranty	1,082	*	40	1.85
Security Pacific	525	50	35	1.42

Bank	Millions of dollars	% Public	% of Capital	% of Assets
Bank of America	\$2,300	70%	50%	1.85%
Bankers Trust	875	23	56	2.16
Chase Manhattan	2,025-2,832	*	73-95	2.50-3.25
Chemical	1,300	56	87	2.69
Citicorp	4,380	*	90	3.35
Crocker National	660	61	56	2.65
First Chicago	700	65	47	1.95
First Interstate	474	55	26	1.16
Mig. Hanover	2,014	52	81	3.14
Morgan Guaranty	1,988	*	62	2.88
Security Pacific	490	*	33	1.32

Bank	Millions of dollars	% Public	% of Capital	% of Assets
Bank of America	\$800	*	33%	1.11%
Chase Manhattan	372	50%	19	0.77
Citicorp	1,090	*	23	0.84
Crocker National	438	56	37	1.76
Mig. Hanover	1,230	71	50	1.92
Morgan Guaranty	758	*	28	1.30
Security Pacific	175	*	12	0.47

Bank	Millions of dollars	% Public	% of Capital	% of Assets
Bank of America	\$369	35%	19%	0.78%
Chase Manhattan	305	24	26	1.22
Citicorp	737	32	29	0.35

Bank	Millions of dollars	% Public	% of Capital	% of Assets
Bank of America	\$2,000	49%	44%	1.64%
Bankers Trust	475	22	31	1.17
Chase Manhattan	675-1,283	*	24-46	0.83-1.59
Citicorp	1,090	*	23	0.84
Crocker National	253	63	22	1.05
Morgan Guaranty	543	*	20	0.53

* Unaudited.
* Includes loans, acceptances, placements and investment securities. * Loans to government agencies as a percent of total lending. * Total credit exposure as a percent of holding company capital. * Total credit exposure as a percent of holding company assets.
Source: 1982 Annual Reports. Los Angeles Times

FCC Votes to Permit New Services Via FM

By Ernest Holsendolph
New York Times Service

WASHINGTON — The Federal Communications Commission has approved new rules allowing FM radio stations to use their equipment to transmit data such as electronic mail and other nationwide paging services, competing directly with telephone companies and other communications firms.

The rules will allow commercial and noncommercial stations to provide the services, using the idle subchannels of their main signals. Public stations, which had sought the new authority as a way to improve their troubled finances, expressed delight with the announcement Thursday.

"The commission's actions will enable public radio to take the first essential steps toward financial security," said Richard Hodgetts, president for ventures at National Public Radio, or NPR.

In addition he said: "It is our belief that their decision will benefit both commercial and noncommercial licensees, providing exciting new industries."

NPR has been particularly interested in starting a nationwide paging service, allowing subscribers to be reached anywhere in the country where there is a participating public radio station.

The FCC decision, by a vote of 6 to 0, provides authority for the new type of business to 3,400 commercial FM stations and 1,100 non-commercial stations.

Like the use of blanking lines in television for teletext, authorized by the commission last week, the use of subchannels of FM signals is not noticeable to the listener. The program signal is unaffected by the material being broadcast on the subchannel.

Some special services are already offered on FM subchannels. For instance, the commercial Muzak background music is carried on FM stations using subchannels, and in some communities special readings of books are offered for blind listeners. The FCC said Thursday that the stations had to continue the reading services for the blind.

Radio paging could consist of simple beeping signals indicating that the subscriber should call his office, or some other message.

Other applications of the technology could include the distribution of sports scores, stock quotations and pricing information at retail stores and elsewhere.

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Tighter U.S. Bank Loan Rules Sought

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — As a quid pro quo for higher U.S. contributions to the International Monetary Fund, rules governing international bank lending would be tightened under a proposal that bank regulators submitted to Congress on Friday.

One restriction would bar banks from using the substantial fees they receive for rescheduling loans to developing countries to enhance their current income, regulatory officials said.

The Federal Reserve Board, the Comptroller of the Currency and the Federal Deposit Insurance Corporation prepared the recommendations in response to a request by legislators who are considering U.S. participation in a \$40-billion increase of the resources of the IMF.

The tightening of conditions governing international bank lending must take place if Congress is to approve an \$8.5-billion increase in the U.S. contribution, many legislators and administration officials believe.

"The question isn't whether this bill will pass but under what conditions," Representative Sander M. Levin, Democrat of Michigan, said Thursday at a hearing of a House international trade subcommittee.

Officials said the regulators' proposals, worked out at a series of meetings over the last two months, also included establishment of specific reserves for loans to troubled countries and disclosure requirements that would warn a bank's stockholders of country concentrations in lending that might alter the

safety of their investments in the bank.

Another proposal to set specific country limits, akin to the limits on loans to an individual borrower, was considered but rejected as not workable, the officials said.

The regulators recommended that, beyond identifiable expenses, fee income be amortized over the life of a loan.

Henry C. Wallick, a governor of the Fed, noted at Thursday's hearing that the fee proposal was among those being considered by the regulators; if it were adopted,

he said, it "might reduce somewhat the enthusiasm that some banks have shown toward foreign lending."

A fee is normally received by banks when a loan is made. It amounts to as much as 1 percent or more of the value of some loans.

The rescheduling fees have been big. According to several bankers interviewed in January, fees could be as high as \$300 million just for rescheduling loans of Brazil, Mexico, Argentina and Costa Rica. Representative William Lehman, Democrat of Florida, said at the

hearing that the overall sum could be as high as \$800 million.

Banks tend to list the fees as income right away, which means the fees tend to raise reported bank income at a time when a bank's assets may in fact be deteriorating.

Treasury Secretary Donald T. Regan said at the hearing that it was standard procedure for banks to charge rescheduling fees and enhance income statements, but he added, "I doubt it will be after the regulators make their proposals to the Congress."

Feldstein Upholds Dollar's Value

By Hobart Rowen
Washington Post Service

WASHINGTON — Martin S. Feldstein, chairman of the Council of Economic Advisors, has challenged the "conventional wisdom" that the U.S. dollar is overvalued, and argues that the government should not take steps aimed at lowering the dollar's value.

Treasury Secretary Donald T. Regan said two weeks ago that the Reagan administration "would like to see a somewhat weaker dollar in order to help our exports. But that doesn't mean we're going to do anything about it."

In a speech Thursday to the Council on Foreign Relations in New York, Mr. Feldstein took issue with the common complaint by U.S. business leaders that an overvalued dollar is a major reason for their difficulty in competing with imports, notably from Japan.

even more difficult to defend, the concept of an overvalued dollar, Mr. Feldstein said.

In addition to complaints from businesses in the United States, there have been suggestions from European nations whose currencies have weakened against the dollar that efforts be made to stabilize exchange-rate relationships. The idea is expected to be proposed at the economic summit to be held in Williamsburg, Virginia, at the end of May.

It is clear that Mr. Feldstein, as one of President Ronald Reagan's important economic advisers, will counsel against such a step.

In his speech, Mr. Feldstein conceded that the exchange rate was failing to balance imports and exports. The merchandise trade deficit this year may exceed \$60 billion, he predicted. Also, the current-account deficit, which includes payments for services, and

interest and dividends from overseas, could hit \$25 billion this year.

"By that standard, the dollar is currently overvalued," he said. "But why should we expect or want a current-account balance in every year?"

According to his analysis, the high exchange rate of the dollar is produced by the anticipation of huge U.S. budget deficits, which, in turn, cause real interest rates to go up.

A weaker dollar would increase exports and reduce imports but would also reduce the capital inflow from the rest of the world, he said. His conclusion was that "the rise in the dollar is a safety valve that reduces pressure on domestic interest rates; the increase in the deficit offsets the extra demand generated by the budget deficit to spill overseas, instead of crowding out domestic investment."

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Yld.	P/E	100s	High	Low	Quot.	Close
56	1.8	16	34	34	34	
1.97	6.3	555	30	29	30 + 3	
		64	48	48		
2.80	10.15	41	28	27		
1.00	1.7	8	17	17		
1.7	15.15	213	21	21		
2	4.4	60	40	40		
3		2	11	11		
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26 One of the
27 Power and
28 Change type
29 Tule, e.g.
30 Wed.'s
31 Type of belt
32 A London
34 up (gives
37 Opposite of
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DOWN

1 Judicious
2 Explorer
3 Tassan
4 Shaker Heights
5 "Kusasa"
6 Eastern
7 Sapien
8 Flag-lowering
9 Ceremony
10 Flexible
11 Slacken
12 Actress Nissen
13 for
(defends)

39 Area of
40 Tropic of
41 Titles of
cousins:
42 Two-reel
movie
43 West Indian
44 General Baker
45 Viral infection
46 Gas: Comb.
47 Singer Simone
48 Merkel and
49 O'Connor
50 North Sea
51 Feeder
52 Have a bull
53 Stains
54 Jimmy and
55 Gloria
56 Anglo-Saxon
57 Slaves
58 Trigonometry
term

59 Dyer's "Your
60 Insults
61 Fatten
62 Antigone's
63 Ear of grain
64 Contrasting
form
65 Aply named
66 18th-century
novelist
67 Trust
68 Smallest
quantities
69 Ridic
70 At the tip
71 Galena, e.g.
72 Prohibited
73 Sleep, rugged
rock
74 Relieve
75 Virginia
76 Clemm's
77 Stray bit
78 102 Minx
79 104 Large
80 Puzzle

81 Inlays of tiles
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83 Type of
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84 Heir
85 Natural
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86 Choir group
87 Lucius
88 Domitian
89 Ahenobarbus
90 Lucius
91 Advantage
92 Long, s-part-
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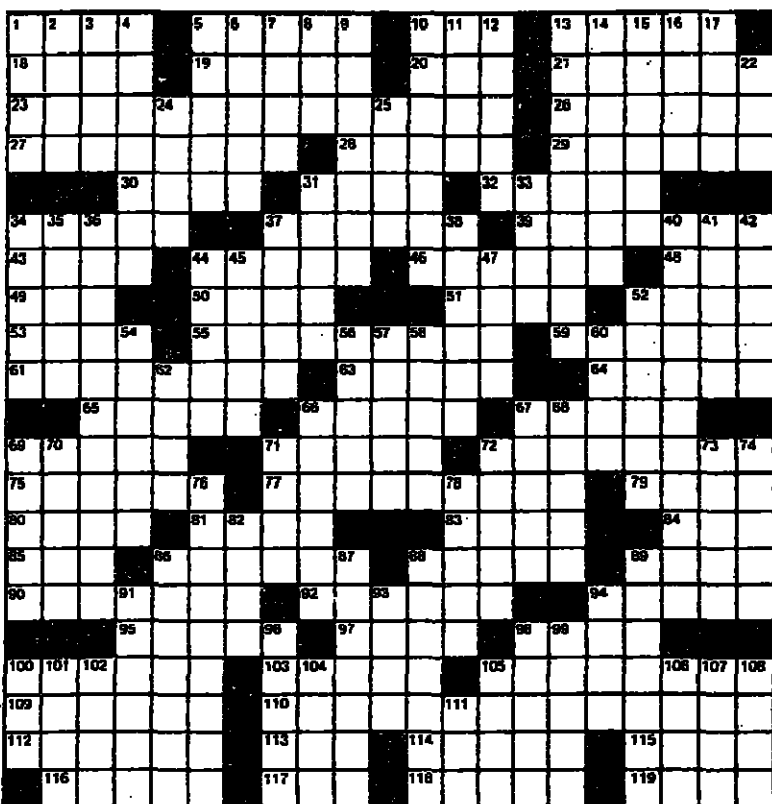
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Diamond Chips

BOOKS

ARARAT

By D.M. Thomas. 191 pp. \$13.50.
Viking, 625 Madison Ave., New York.
N.Y. 10022.

Reviewed by
Christopher Lehmann-Haupt

VLADIMIR NABOKOV would probably not have appreciated D.M. Thomas's "Ararat," the fourth and latest novel by the English poet who wrote "The White Hotel." Nabokov would have objected to all the Freud in "Ararat" — the proximity of Eros and Thanatos and artistic creativity, and the horn removed from the unicorn and placed in the lap of a female statue.

All the same, "Ararat" is a homage to Nabokov, along with many other figures in Russian literature. By unfolding tale within tale within tale — each containing details of the one that frames it — Thomas has created a construction of mirrors that reflects a light captured only in the human imagination. Of this, Nabokov would have greatly approved.

Actually, a more immediate literary presence in "Ararat" is Alexander Pushkin. The novel's most captivating sections involve a retelling and completion of the Russian master's story-fragment, "Egyptian Nights," written and left uncompleted in 1835, two years before Pushkin was killed in a duel. The story concerns the sudden appearance in St. Petersburg of a Neapolitan improvisatore, whose genius it is to be able to recite instantaneously epic poetry on any subject that his audience requests.

In the Pushkin original, the improviser recites a charming verse about three men who accept the

challenge to make love to Cleopatra at the price of their lives. As the game begins, the original story breaks off, but Thomas's narrator, a contemporary Russian poet named Victor Surkov, continues to create what reads for all the world like a slightly awkward translation of a masterpiece. In the poem within the story, the first two lovers are executed, but the third, who turns out to be Cleopatra's son by an incestuous coupling with her brother Ptolemy, executes the executioner.

The only problem is that the framing story eventually leads to Pushkin's death in a duel with a guards officer he suspects of being his wife's lover, an actual reflection of history. Horrified, Surkov, who has by now identified himself with Pushkin, undertakes another version of the ending in which the Neapolitan, failing to complete his improvisation, winds up getting himself beheaded for making love to a contemporary version of Cleopatra. The new ending is pure wit. The first is too close to actuality for comfort. Presumably, the artist's role is to alter reality.

But this is a trivial aspect of creativity. The more important point seems to lie in the fact Surkov's completion of Pushkin's story about improvisation is itself an improvisation by a Russian poet who is competing in a game of improvisation with an Armenian storyteller and an American "writer of romantic fiction" (whose contributions to the contest we will also read). And these three improvisations are in turn the creation of Sergei Rozanov, a Russian writer who, in the novel's ultimate framing story, has promised to improvise a story for a blind woman as recompense for having failed at making love to her.

We need only take this game of backward extrapolation two steps further to arrive, first, at D.M.

Thomas himself, who, after all, improvised this chain of improvisations, and then to the ultimate creator, who seems to be proposed in the following missing by Victor Surkov, as his just plane, in another improvisation, approaches Kennedy International Airport to land him on a tour of the United States.

"And God? To imagine a maker of this blue gulf, those fleecy clouds, was merely to compound the impossible. For it was impossible, logically speaking, for all this, including Surkov, to exist. Yet of course nothingness, also, was inconceivable. Moreover, the sky, the clouds, exhibited order and beauty. Darwinism doesn't explain it. To create all this mysterious existence, in only ten thousand million years — the merest blink of an eye! The spontaneous creation of order, like the improvisatore's 'Cleopatra'! No, I can't believe it. It may have happened by impulse, but it's not random."

Why Ararat? Mount Ararat was of course where Noah's Ark came to rest when the flood waters receded — the flood, everywhere evoked in Thomas's text, that washed away the evil of the world. Mount Ararat stands at the site of one of the earth's great modern evils, the act of genocide as it was practiced on Armenians by Turks in 1915.

Ararat is the place toward which all things in Thomas's novel tend — another version of the pastoral place of rest that is envisioned in the final chapter of "The White Hotel." And Ararat's twin peaks suggest the breasts of all the women that the male characters in "Ararat" keep compulsively seducing. (The story of Don Juan is another leitmotif that echoes endlessly in the novel.)

Such chains of association abound in "Ararat," by turns with wit and grimaces, and sometimes both ways. One of the novel's dourst jokes involves an unhappy old man that Victor Surkov meets who turns out to have been at Babi Yar. Yes, the man sighs, and he was also involved in the Armenian holocaust. "In the province of Dirarbekir we got rid of 570,000." Oh, and he was also at such camps as Dachau, Birkenau, Belsen, Auschwitz, Sobibor, Maidanek, Treblinka. It was not easy. The name of this monster is Fim. Is this a grisly tribute to a non-Russian masterpiece to which "Ararat" also owes something of a debt — a work that created Finn again and again?

But I am making "Ararat" sound like a game within a puzzle. It is not. Its narrative is magnetic, not elusive. As it spins it charges the air around itself and draws the reader irresistibly along. We are compelled to solve any riddles it creates, not out of bafflement but because of intense and pleasurable curiosity.

Christopher Lehmann-Haupt is on the staff of The New York Times.

DENNIS THE MENACE



"I WAS HAVIN' TOO MUCH FUN."

Solution to Last Week's Puzzle

DOWN
1. JUDICIOUS
2. EXPLORER
3. TASSAN
4. SHAKER HEIGHTS
5. "KUSASA"
6. EASTERN
7. SAPIEN
8. FLAG-Lowering
9. CEREMONY
10. FLEXIBLE
11. SLACKEN
12. ACTRESS NISSEN
13. FOR
(DEFENDS)

ACROSS
14. ERADICATES
15. SLOTTED
16. SCHOOL EXEC.
17. SENSIBLE
18. SUN, TALK
19. BLAME
20. HABITUATED
21. NARROW
22. TURNED A LAMP
23. WARP
24. PRESSURE OF A
25. RELEASE
26. FILM-FESTIVAL
27. CLASSES
28. SUBSTITUTE
29. IN AN EMERGENCY
30. SPEAK
31. POUSPOUSLY
32. DEMI FOLLOWER
33. BUFFALO HOCKEY
34. EXCITES
35. DISCOMBURES
36. AN ARM OF A
37. POUNCES UPON
38. TURNED A LAMP
39. BACK ON
40. JAPANESE
41. SEAPORT
42. RELEASE
43. PASSAGE FOR
44. REGIMINE
45. BOOK PARTS
46. SOLE
47. IMPERIS
48. J. FRED MUGGS
49. GETS ONE'S
50. DANDER UP
51. FAMED FABIAN
52. VINEGAR
53. MONIEM
54. STRINGED
55. RENE'S SCHOOL
56. NUT
57. MENDS
58. SPRINKLE
59. TYPE OF
60. UNDERWEAR
61. HEIR
62. NATURAL
63. ENDOWMENTS
64. LUCIUS
65. DOMITIAN
66. AHENOBARBUS
67. LUCIUS
68. ADVANTAGE
69. LONG, S-PART-
70. MIDIANITE KING
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SPORTS

Palmer Cards 68 in Masters and Trails 3 Leaders by a Shot

By Gordon S. White Jr.

NEW YORK TIMES SERVICE
AUGUSTA, Georgia — Arnie's Army, the 1976 Masters winner, led the first tee of Augusta National Golf Club on Thursday and headed behind its aging but popular leader on a 6,905-yard march that had the 33-year-old Arnold Palmer in a 40-minute suspension of play did nothing to dampen the 33-year-old Arnold Palmer's spirits or its leader's enthusiasm. The 33-year-old Arnold Palmer ran three consecutive birdies and shot a 4-par 68 in the opening round of the Masters, his best round here in 18 years.

Palmer had lots of company at 68. One was Severiano Ballesteros of Spain, the 1980 Masters champion, who kept his drives in play. Another was Jim Hallet, the New England amateur champion, who sank a 30-foot birdie putt at the 18th. Also at 68 were Charles Coody, who bogeyed the final two holes, and J.C. Snead, who birdied the last two.

Craig Stadler, last year's Masters winner, needed only 10 putts on the back nine as he shot 69 and tied with Bruce Lietzke. Tom Watson was in a crowd at 70 and Jack Nicklaus, the five-time winner, was at 73.

The course played as easy as it has ever played because of no wind and the soft greens, said Watson. Forty-one golfers, half the field, were at par 72 or better. In equaling his best opening round in the Masters since 1961, when Gary Player beat him and Charles Coe by a shot for the title, Palmer also shot his best Masters round since the second day of the 1965 tournament, when he finished tied for second, behind Nicklaus. He has had only two better rounds in his 29 Masters appearances.

Palmer got his fifth and final birdie at the 17th, a par-3 16th, where he hit a 5-iron two and a half feet from the pin. As he walked to the green for the tap-in putt, the first loud clap of thunder resounded over the course.



Arnold Palmer got a big round of applause Thursday after sinking a birdie putt on the 14th green at the Masters.

SPORTS BRIEFS

Brown Quits Nets to Coach Kansas

AST RUTHERFORD, New Jersey (UPI) — Larry Brown, who this season coached the New Jersey Nets to their best National Basketball Association record, will leave the team immediately and take the coaching job at the University of Kansas, the team announced.

Spate of Fines Levied by NBA

NEW YORK (AP) — Clemen Johnson of the Philadelphia 76ers was fined \$1,000 and Reggie Theus of the Chicago Bulls was fined \$500 for using profanity during a National Basketball Association game March 29, the league announced Friday.

5 Cyclists Start Tour of America

IRVINGTON, N.J. (AP) — The world's top bicyclists in a notable exception of Bernard Hinault — began the inaugural tour of America race on Friday under overcast skies. A total of 75 cyclists on 15 teams are competing.

Quarterfinals Set at Hilton Head

HILTON HEAD ISLAND, South Carolina (AP) — Andrea Temesvari and Barbara Potter on Thursday, 6-4, to gain a quarterfinal berth in Martina Navratilova in the annual tennis tournament at the Sea and Racquet Club.

Clerc Fined for Shunning Press

HOUSTON (UPI) — José Luis Clerc has been fined \$4,000 by the old Championship of Tennis for leaving the River Oaks tournament a loss without attending a news conference and without playing a doubles match. A tournament spokesman said that Clerc left without notice on Wednesday after losing 6-7, 6-4, 6-0, to Henri Leconte.

Japan Dominates Speed Skating

OKYO (AP) — Japanese skaters dominated the opening day of the old Indoor Short Track Speed Skating Championships on Friday, taking three men and three women in the 1,500-meter finals scheduled Saturday.



Rick Middleton being congratulated by his teammates after scoring the Bruins' fourth goal in Boston's 4-2 victory over the Quebec Nordiques in their NHL playoff series.

Sabres Shut Out Canadiens Again

UNITED PRESS INTERNATIONAL
MONTREAL — Gilles Hamel and Mal Davis scored 36 seconds apart in the second period, and Bob Sauve registered his second shutout in as many nights to lead Buffalo to a 3-0 victory Thursday over the Montreal Canadiens, giving the Sabres a 2-0 lead in their Patrick Division semifinal.

NHL PLAYOFFS

The Sabres, who blanked the Canadiens on Wednesday, 1-0, can wrap up the Adams Division semifinal Saturday in Buffalo. Montreal has been eliminated in the first round in each of the past two years — in 1981 by Edmonton and last year by Quebec.

Sauve, aided by sturdy Buffalo penalty killing and forechecking that kept Montreal's attack off balance throughout, posted his second straight shutout and fourth of his playoff career with 22 saves.

In the first period the Sabres held Montreal to only one distant shot, by newcomer John Newberry.

Dale McCourt opened the scoring for Buffalo at 1:47 of the first stanza, beating Rick Wamsley, the starting goaltender, from close range after linemates Rick Sallinger and Gilbert Perreault had muscled the puck out from the corner.

Hamel fired a 40-foot slapshot through Wamsley's pads on a power play at 6:03 of the second period to put Buffalo ahead 2-0. Davis followed at 6:39 by tipping the puck into an open net after teammate Mike Ramsey was pushed into Wamsley by Montreal defenseman Ric Nattress.

Rangers 4, Flyers 3

In Philadelphia, Mark Pavelich broke a 2-2 tie early in the third period and Reijo Ruotsalainen added the eventual game-winning goal just 2:07 later to give the New York Rangers a 4-3 victory over the Flyers and a 2-0 edge in their Patrick Division semifinal.

Braves 4, Nordiques 2
In Boston, Ray Bourque and Mike O'Connell scored 44 seconds apart midway through the third period to give the Bruins a 4-2 victory over Quebec and a 2-0 lead in their Adams Division semifinal.

Capitals 4, Islanders 2
In Uniondale, New York, Bob Gould scored two goals and Dennis Maruk had the go-ahead goal, enabling Washington to beat the New York Islanders, 4-2, and even their Patrick Division semifinal at one victory apiece.

Oilers 4, Jets 3
In Edmonton, Alberta, left winger Mark Messier scored his second goal of the game with 1:44 remaining to lift the Oilers to a 4-3 victory over Winnipeg and a 2-0 edge in their Smythe Division semifinal.

Black Hawks 7, Blues 2
In Chicago, Denis Savard scored two goals in a four-goal outburst in the first period to help the Black Hawks beat St. Louis, 7-2, and even their Patrick Division semifinal at one victory apiece.

Flames 5, Canucks 3
In Calgary, Alberta, Lanny McDonald, the second-leading NHL goalscorer, scored two goals and Kent Nilsson set up four to help the Flames beat Vancouver, 5-3, and take a 2-0 advantage in the Smythe Division semifinal.

North Stars 5, Maple Leafs 4
In Bloomington, Minnesota, Bobby Smith scored his second clutch goal of the playoffs, firing in a wrist shot at 5:03 in overtime to give Minnesota a 5-4 triumph over Toronto and a 2-0 lead in the series.

Grittar Favored to Repeat As Grand National Victor

THE ASSOCIATED PRESS
LIVERPOOL, England — Grittar, winner of the 1982 Grand National, will start as the clear favorite to repeat the success Saturday in the world's most grueling steeplechase.

Despite a late change of jockey — Paul Barton is replacing the injured John Francome — money was still pouring in Friday on Frank Gilman's 10-year-old horse, which was rated at 5-1 by Britain's bookmakers the eve of the big race at Aintree.

Only four horses have ever won in consecutive years. But the average age of Grand National winners over the past decade is 10.2 years, and Gilman is confident that Grittar will become the first to achieve that rare feat since the legendary Red Rum in 1976 and 1977.

Dick Saunders, who rode Grittar to victory last year as a 48-year-old amateur and then announced his retirement, said that Barton was the perfect replacement for Francome, four-time British champion jockey.

"He's a very good horseman as well as being a top-class jockey," Saunders said.

The traditionally wide range of Grand National betting, with some of the alleged "no-hopers" attracting odds of 100-1, reflects the open nature of the race.

"It's the most competitive National for years," Saunders said. "There are at least 10 with sound chances."

Second favorite for the big race, run over 4 1/2 miles (7.2 kilometers) and 30 farsome fences, is Spartan Missile, runner-up to Aldifind in the 1981 race.

Two years ago, the 11-year-old horse broke down badly at Ascot. Two weeks later on his owner, breeder and rider, John Thorne, who dreamed of winning the Grand National, was killed in a fall.

After a 23-month layoff with a leg injury, Spartan Missile was put through a course of swimming in the pool of his trainer, Nick Henderson, and responded last weekend by winning a warm-up race at Newbury and proving its complete fitness.

The only jockey in Saturday's race to have won the Grand National before is John Burke, a 30-year-old Irishman who rode Rag Trade to victory seven years ago.

On Saturday, Burke has his eighth Grand National ride on Hot Tomato, an 11-year-old outsider.

Heavy rain led to the withdrawal Friday of Ashley House, the third favorite. That left 45 horses in the race, the biggest turnout since 1966.

One horse on whom an unusually large amount of attention has been focused is the winner of the 1982 Irish Grand National, King Spruce. The 9-year-old American jockey, Joy Carrier, is bidding to become the first woman rider to gain a place in the Grand National's first three.

Kemp, Winfield, Wynegar Homer To Lead Yankees Past Seattle, 8-1

COMPILED BY OUR STAFF FROM DISPATCHES
SEATTLE — Steve Kemp, Dave Winfield and Butch Wynegar each homered, and Dave Righetti pitched 5 1/2 innings of powerful shutout baseball Thursday night to lead the New York Yankees to an 8-1 victory over the Seattle Mariners. It was their first victory of the 1983 season.

Righetti (1-0) overcame a tender pitching shoulder to dominated the Mariners. The left-hander struck out five and walked two in helping Billy Martin win his first game since becoming a Yankee manager for the third time.

George Frazier took over for Righetti in the sixth inning, allowing five hits and walking one, to gain his first save. He lost the combined shutout in the ninth inning on an RBI double by Julio Cruz.

New York reached Bob Stoddard (0-1) for three runs in the first. Willie Randolph led off with a single, and Jerry Mumphrey doubled him in. One out later Kemp lined a 2-2 pitch into the right-field stands for his second homer of the year.

The Yankees added a run in the second on a balk by Stoddard. In the fourth, Roy Smalley and Craig Nettles singled and Wynegar doubled home Smalley. Winfield hit his third home run in the seventh to make it 6-0.

In the eighth, Bryan Clark hit Don Mattingly on the helmet with a pitch. With two out, Wynegar homered into the left-field stands for his first homer of the year.

Red Sox 7, Blue Jays 4
In Boston, Dave Stapleton's three-run homer capped a five-run second inning, and Dwight Evans added a two-run shot to lead the Red Sox to a 7-4 triumph over Toronto. Bob Stanley pitched five innings of relief for the victory, while Toronto starter Luis Leal took the loss.

Indians 9, A's 1
In Oakland, California, Andre Thornton drove in four runs with his second homer, a double and two singles, and Len Barker (1-0) and Neal Heaton combined on a six-inning shutout to lead the Indians to a 9-1 victory over the Athletics. Thornton's first-inning RBI single was the game-winning blow and gave him two in three games. The four RBIs increased his total to eight. Tom Underwood took the loss.

Brewers 5, Angels 3
In Anaheim, California, Jerry Augustine pitched a four-hitter through eight innings and Robin Yount and Gorman Thomas contributed homers off Mike Witt (0-1) to lead the Brewers to a 5-3 victory over California. Augustine (1-1) completed a game for only the second time since 1978. He allowed a three-run homer to Bobby Grich in the ninth.

Twins 5, Tigers 4
In Minneapolis, John Castino hit a bases-empty homer, and Detroit outfielder Larry Herndon dropped a ball that allowed two runs to score, giving the Twins a 5-4 victory over Detroit. Al Williams (1-0) gave up 10 hits over seven innings, and Ron Davis finished up to earn his first save.

Expos 7, Cubs 3
In the National League, at Chicago, Andre Dawson and Tim Lincecum drove in two runs apiece in a four-run fourth inning to give the Expos a 7-3 triumph over the Cubs. Bill Gullickson (1-0) scattered five hits to gain the victory. The right-hander struck out eight and walked none in pitching Montreal's second straight complete game.

Mets 6, Phillies 2
In New York, Danny Heep had three hits, including a pair of doubles, and George Foster added a homer and a double to carry the Mets to a 6-2 victory over Philadelphia. Craig Swan (1-0) and Neil Allen combined on a four-hitter for the Mets. John Denny took the loss.

Pirates 3, Astros 2
In Houston, Dale Berra triggered a two-run ninth with a leadoff homer, and Lee Mazzilli capped it with an RBI single, leading Pittsburgh to a 3-2 victory over Houston. Rod Scurry (1-0) who relieved in the eighth with two out, picked up the victory. Bob Knepper (0-1) took the loss.

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The statement was prompted by a report Friday in The Boston Globe that Schlichter had gambled heavily on sports events and lost more than \$250,000. Questioning sources close to the investigation, the Globe said that Schlichter had admitted placing bets on sporting events with four alleged Baltimore bookmakers who were indicted Thursday in U.S. District Court in Columbus, Ohio.

Jack Chester, the quarterback's attorney in Columbus, Ohio, told The Associated Press: "Mr. Schlichter is in cooperation with the FBI, he is a material witness in the prosecution of four Maryland men indicted on gambling charges by a federal grand jury in Columbus. None of the charges involve any football game in which Mr. Schlichter or any team of which he was a member, participated. Mr. Schlichter will make no further statement due to the pending status of the cases in federal court."

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The Globe quoted sources as saying that Schlichter, an All-America at Ohio State, started

placed bets on sports events with the four bookmakers in late 1982. The Globe said it was not known whether Schlichter bet on professional football generally or only on games involving his team, but one report indicated that he may have lost as much as \$350,000.

The Globe quoted one of its sources as saying that Schlichter told authorities that he did not bet on any NFL games and was not involved in any attempts to fix the outcome of Colts games.

At the end of the last pro football season, Schlichter returned to the Columbus area and continued losing on bets he placed over the telephone back in Baltimore, Globe sources said.

When bookmakers began threatening Schlichter when he could not repay his losses, he went to law enforcement officials in Columbus and the FBI was called into the case, the Globe said.

The FBI devised a plan to tell the men he had the money and would pay them at an April 1 meeting at the Columbus airport, the newspaper reported. FBI agents had the group under surveillance when Schlichter passed the money to the bookmakers, the sources told the Globe, and three of the four men were arrested at the scene. The fourth bookmaker was arrested at the same time in Baltimore, the story said.

Indicted Thursday were Harold E. Brooks Jr., 26; Joseph A. Serio, 24; Charles T. Swift, 41, all of Baltimore, and Samuel R. Alasia of Catonsville, Maryland. They are free on bond, and the U.S. attorney's office in Columbus said they would be arraigned on April 14, the newspaper said.

If convicted on the indictment, the men could receive a maximum of five years in prison, a \$10,000 fine on each of the six gambling counts in the indictment, or both, the newspaper declared.

Under Paragraph 15 of the NFL standard player contract, the NFL commissioner would be able to fine, suspend or terminate Schlichter's contract if the player knowingly associated with gamblers or gambling activity, the Globe noted.

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Only 2,441 spectators showed up Thursday at the Coliseum in Springfield, Ohio, to watch the Cleveland Cavaliers play the Milwaukee Bucks in a National Basketball Association game. The Cavaliers' owner, Ted Stepien, earlier announced the sale of the team to George and Gordon Gund, owners of the Coliseum and of the Minnesota North Stars of the National Hockey League. Then the Cavaliers lost, 100-87.

